

I. INTRODUCTION

ACKNOWLEDGEMENTS

This *Planned Giving Handbook* is designed for use in United Methodist churches and is published by the National Association of United Methodist Foundations, Inc. (NAUMF). Permission to make revisions and to customize this publication is granted only to NAUMF member conference and area United Methodist Foundations and only under the following conditions: (1) Any revised Handbooks shall be distributed and used exclusively in the specific area or conference; (2) The information on this page shall be printed in the front part of said Handbooks; and (3) It is recommended that the conference or area foundation add its name to the disclaimer at the bottom of this page.

This Handbook began in 1991 as a project of the Committee on Resources and Marketing of the National Association of United Methodist Foundations to develop a resource which could be adapted to meet the needs of all United Methodist churches. This 2006 revision was done under the leadership of the Focus Area on Education of the NAUMF. Recognition is given below to the Committee on Resources and Marketing of NAUMF, which was responsible for the original Handbook in 1991, as well as to those from the Education Focus Area responsible for the 2006 revision.

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This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that the National Association of United Methodist Foundations, Inc. (NAUMF) and the Iowa United Methodist Foundation, Inc. are not engaged in rendering legal, tax, or accounting services. If legal advice or other expert assistance is required in connection with any of the topics covered in this Planned Giving Handbook, the services of the appropriate professionals should be sought.

Your Iowa United Methodist Foundation works with churches throughout the Iowa conference to establish endowment programs and promote planned giving. As an agency of the Iowa conference, it is the organization best equipped to guide you through this process. If you are unsure about how to contact your local foundation, please contact the National Association of United Methodist Foundations, www.naumf.org for a complete listing of member foundations.

THEOLOGY OF GIVING

“Every generous act of giving, with every perfect gift, is from above.” – James 1:17

“The church is of God and will be preserved to the end of time.” –
United Methodist Baptismal Covenant

“You do not have, because you do not ask.” – James 4:2

“The gift that keeps on giving.” – *Victor Talking Machines Co., 1926*

“Today is a critical time for stewardship in the church.” True today, and true at nearly any time in the church’s history. Mention the word “stewardship” to an average parishioner, and his or her thoughts are likely to be limited to the offering plate passing by on Sunday morning. However, comprehensive Christian stewardship is about much more than that. In this *Planned Giving Handbook*, we hope to challenge you to begin thinking of stewardship as something that goes beyond our usual understanding of the term. We hope to challenge you to think about stewardship as a lifestyle rather than as a check in the offering plate. In particular, we hope to challenge you to create giving programs in your church that allow faithful disciples of Jesus Christ to leave a legacy and ensure that the church indeed “will be preserved to the end of time.

Take a look at your church’s mission statement. Like every other church mission statement, chances are it *lacks* something: an *expiration date*. The church is of God and of eternity. In other words, we expect our church to be here long after our brief time on earth is over. However, our giving programs too often focus solely on the here and now, not on tomorrow. Think for a moment about the people who preceded you in your church. If not for their vision and commitment to the future, your church probably would not exist. Now think for a moment about the people who will come after you. What will we do in the current generation to ensure that our church will be here for future generations of Christian disciples and disciple-makers?

One answer is an **endowment** and **planned giving program**.

With an endowment and planned giving program, your church sends the optimistic message that we will be here tomorrow to reach new disciples, we will be here tomorrow to encourage those disciples to put their gifts to work, we will be here tomorrow to put God’s love into action, we will be here tomorrow to do our part to heal a hurting world. Gifts to endowment programs literally do “keep on giving,” leaving a legacy to our family, our friends, and our church.

But you have to ask!

Very few of us have remembered our church in our will or living trust. Why? Because we haven’t been asked! As leaders in the local church, it’s our job to ask our fellow parishioners to give from our lifetime of accumulated assets to ensure that our church will be here for future generations. By creating an endowment and planned giving program, we create a framework for

inviting others into lifelong comprehensive Christian stewardship, reflecting that all that we are and all that we have are from God.

Do you want your church to die when you do? Of course not! Here is the toolbox to help you guide your church into God's abundant future.

WHY ESTABLISH AN ENDOWMENT PROGRAM FOR YOUR CHURCH?

What if we could master plan our churches the way commercial businesses and many non-profit organizations do? What if we could anticipate our needs for ministry and facilities and staff and set aside funds that would earn interest income to support our mission and ministry for the long-term?

The answer is we can.....and many churches do.

Church endowments provide the income to maintain church buildings, generate funds for mission work or enhance other ministries. A properly structured endowment program can help you secure the financial future of your church. Endowments have provided a major source of funding for many institutions in our society for years.

Webster defines endowment as a “permanent fund or source of income.” An endowment fund is made up of money or other financial assets that are donated to charity. The principal is invested and the resulting income may be used for further investments and supplementary expenditures. Most endowments have guidelines that state how much of each year’s investment income can be spent. When properly managed, endowment funds will generate earnings that can enhance the ministry of the church in the years ahead.

Potential Benefits

The difference between endowment funds and other types of funds, such as operating or capital funds, is that assets are invested in perpetuity. The whole point of an endowment is to provide a steady, predictable source of income over time. Endowment funds can be fundamental to the financial stability of an organization. Endowment income can provide a cushion against unforeseen expenses or economic downturns. An endowment fund can be established for anything which serves the mission and ministry needs of a church.

How It Affects Giving

When members are given opportunities to give from accumulated assets *as well as* from current income, it can lead to increased generosity. It adds a completely separate income stream. An endowment’s existence will encourage deferred gifts to the church that might otherwise have gone to an alternate charity. Endowments also provide opportunities for donors to give gifts in honor and in memory of family and friends.

An Endowment Fund Says That Your Church:

- Believes in its future
- Wishes to be guided in stewardship by the belief that all we have is from God
- Wants to build a sense of permanence

- Desires *as a church family* to be good stewards even as we expect *each member to be a good steward*
- Wishes to go the extra mile in providing new services and programs
- Wants to create a legacy for future generations

Simply by having an endowment program, a church can signal that it is doing a good job of long-term planning. At the same time, the church is affording its members an opportunity to practice life-long giving, and to include their church in their present and future financial plans.

Five Ways Endowment Programs Help Churches Grow

1. The church receives increased gifts to fund its various ministries
2. Members begin including planned gifts as well as current gifts in their stewardship response
3. Members are educated as to many expanded gift opportunities for mission and ministry through their church
4. Current contributions given in support of the on-going annual budget are freed up to strengthen and even expand existing programs
5. The church and its various ministries and institutions begin to receive major planned gifts that have previously been directed to other causes where endowments are already in place

Your Iowa United Methodist Foundation is ready to partner with you to establish a permanent endowment program. This *Planned Giving Handbook*, provided by the Foundation, is a step-by-step guide through the process. Planning, consultation, educational and training services also are available from the Foundation free of charge. For more information on services available from the Foundation, see the section on [page 17](#) on the “Role of the Iowa United Methodist Foundation.”

ENDOWMENT/PLANNED GIVING SERVICES AVAILABLE FROM THE FOUNDATION

The Iowa United Methodist Foundation consults with local churches to establish Planned Giving/Endowment ministries in accordance with guidelines set forth in *The Book of Discipline of The United Methodist Church (2016)*. Types of services include:

- Leadership in establishing a planned giving program through presentations in the church and consultation with church leaders
- Use of the Foundation's *Planned Giving Handbook*, which provides a step-by-step process and model resolutions for establishing a permanent endowment fund
- Ideas, resources and leadership in interpreting planned giving opportunities
- Planned giving workshops and educational programs
- Resource materials on planned giving and estate planning, including brochures, and planning workbooks
- Confidential consultation with individual donors
- Donor recognition programs and ideas
- Professional funds management/investment services
- Trustee/custodial services of charitable gifts benefitting United Methodist churches and/or its related charities
- Ongoing evaluation and consultation services

Planning, consultation, educational and training services are core ministries of the Foundation and are provided free of charge. There is a small fee for professional fund management/investment services. Fees cover accounting, reporting and compensation of professional investment counselors. The Foundation provides an accounting of transactions with respect to each account invested in its common funds on a periodic basis, but in no event less than annually.

FREQUENTLY ASKED QUESTIONS

1. What is an endowment program?

An endowment is a permanent fund that that can be invested to establish a long-term source of income to support programs and ministries. In most churches, the income from the investment or a set percentage of the value of the fund is available to spend on an annual basis. A healthy endowment can provide a source of funds, beyond the annual budget, for opportunities in operations and outreach and a hedge against challenging economic times.

2. How do we start one?

The first step is to create an Ad Hoc Committee to draw up a Resolution to be presented to a Charge Conference establishing a Permanent Endowment and Planned Giving Ministry Committee and Permanent Endowment Fund. Once the Permanent Endowment and Planned Giving Ministry Committee is in place, it determines how the fund will be administered and invested. The Committee's duties include:

- Determining what types of funds will be included in the endowment program, usually based on the church's needs, goals or long-term vision
- Determining what types of gifts will be accepted and acting as the authority for receiving planned gifts on behalf of the church
- Determining how income will be distributed, and
- General oversight of the endowment program and its invested funds.

The step-by-step process for establishing a Permanent Endowment and Planned Giving Ministry Committee and Fund is outlined in your *Planned Giving Handbook*, in accordance with Paragraph 2534 of ***The Book of Discipline of The United Methodist Church (2016)***.

3. Is it necessary to establish an incorporated foundation?

It is not necessary to incorporate a separate foundation. Your Iowa United Methodist Foundation is an incorporated 501(c)(3) organization which is fully licensed in accordance with local, state and federal regulations to serve as trustee of charitable gifts to United Methodist churches and other agencies of the Iowa conference. Trustee services include:

- Professional management of assets
- Record keeping and reporting
- Accounting and payment of income to a donor or beneficiaries.

The Foundation is also licensed to provide charitable gift annuities to donors who wish to set up an annuity that will benefit a church or church-related institution.

Setting up a separate incorporated foundation in a local church could be problematic in that the corporation would be separate from the incorporated local church and would not be subject to the control of the church Charge Conference.

4. What types of people should be on the Committee?

The Permanent Endowment and Planned Giving Ministry Committee should include the pastor, the Chair of the Finance Committee, the local church Treasurer or Business Administrator, a representative of the Board of Trustees, a representative of the Stewardship Committee and an additional three to five At-Large Members who are recognized leaders in the church. Usually the church Nominating and Leadership Development Committee submits its slate of nominees to the Charge Conference.

5. How do the Trustees and Permanent Endowment and Planned Giving Ministry Committee work together?

In most churches the Permanent Endowment and Planned Giving Ministry Committee and Trustees work closely together to ensure the financial security of the church. The Permanent Endowment and Planned Giving Ministry Committee should keep the Trustees informed through annual or quarterly reports on the state of the endowment funds and how those funds are impacting the mission and ministry of the church.

6. How do we decide what to endow?

The Permanent Endowment and Planned Giving Ministry Committee will typically create a list of funds and sub-funds that are in keeping with the mission, ministry and vision of the church. Most churches create a General Endowment Fund, which is an “undesignated” fund which can be used by the church to cover special needs, including unbudgeted facilities maintenance or capital improvements. In addition, the Committee will typically create a list of “designated” funds which may be used to endow specific ministries, such as missions, children’s ministries, scholarships, continuing education for pastors and staff, worship and educational needs and almost anything the Committee or congregation can imagine. Some of these endowment funds are established to honor or memorialize a member or members. Some are established to provide for current and future needs.

7. How long will it take for the endowment to grow?

It depends on how committed the church and the Permanent and Planned Giving Ministry Committee is to building a substantial fund and how well the endowment

program is communicated and celebrated by the Committee and church at large. For more information on how to promote an endowment program, see the “*Creating Your Endowment Program*” section on [pages 44-62](#) of this *Planned Giving Handbook*.

8. Who decides how the income is spent?

The Permanent Endowment and Planned Giving Ministry Committee, with approval of the Charge Conference, establishes the funds that make up the endowment and is responsible for administering income distributions to the respective ministries involved. From that point, the Committee or agency of the church that is responsible for the ministry or function that is endowed by the fund decides, in consultation with the Church Council and the Finance Committee, how to spend income distributed to it by the Permanent Endowment and Planned Giving Ministry Committee.

9. Will endowment giving reduce other types of giving?

Typically the addition of an endowment program creates a new stream of income for a church. In most churches, 99.5% of the operating budget is funded by gifts of income (cash, coins and checks) from its members. Likewise, most capital campaign pledges are funded by gifts of income, while planned gifts to the church endowment are given almost 100% from assets. Without a well-publicized endowment program, church members may designate planned gifts, such as bequests, trusts or charitable gift annuities to other charitable organizations that do.

10. Does the leadership need to give?

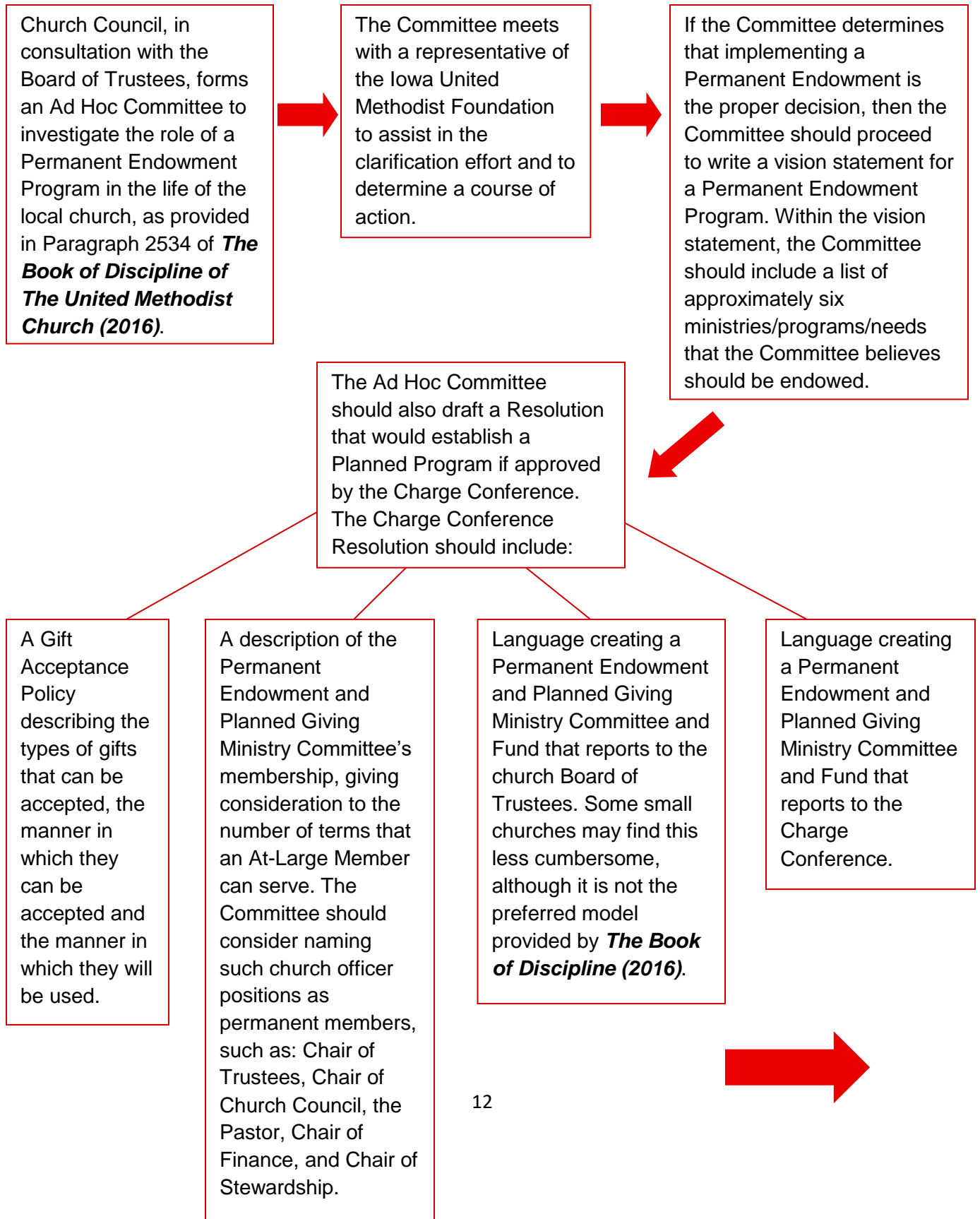
Absolutely. Members of the Permanent Endowment and Planned Giving Ministry Committee and other lay leaders should be prepared to “lead by example” when it comes to establishing a church endowment. It is a good practice to recognize and “thank” donors on a regular basis in a special recognition event or service or by printing a listing of gifts and givers in one or more church publications.

11. How does the endowment program relate to the mission and ministry of the church?

The most successful endowment programs are those that are tied to a well thought out and well-communicated vision for ministry. Donors will give if they believe in the mission of the church and if they believe the church, or ministry, is changing people’s lives.

DECISION TREE

Summary of Steps to Establish a Permanent Endowment Program*



The Ad Hoc Committee submits the vision statement and the Charge Conference Resolution to the Church Council for its approval.



If the Church Council approves the vision statement and the Resolution:

The Committee on Nominations and Leadership will create a slate of Permanent Endowment and Planned Giving Ministry Committee members that will be submitted to the Charge Conference for election.

The Committee submits the vision statement and the Resolution establishing the Permanent Endowment and Planned Giving Ministry Committee and Fund to the Charge Conference.



If the Charge Conference approves the Resolution and elects the Permanent Endowment and Planned Giving Ministry Committee (PEC) members, the PEC members shall proceed to:

A. Establish named accounts for each endowed ministry/program/need

B. Develop a socially responsible investment policy to govern the investment of all PEC funds

C. Select an investment manager(s) of the PEC funds, being careful to avoid conflicts of interest in selecting investment managers

D. Determine the definition of distributable income or establish a spending policy

E. Develop a communications and promotions plan

F. Create a donor recognition program

G. Plan a kick-off event

H. Promote, promote, promote

I. Educate, educate, educate

J. Thank, thank, thank

***See complete Steps in Section III on pages 22-27**

