

Quarterly Report

Spring 2019



Sprucing up the Church for Spring

Does your church need a little more sprucing up than you had anticipated?

It is **FINALLY** spring! It seems like this is the reaction we have towards spring every year after a cold Iowa winter that felt like ages. After being cooped up inside for months, we are very eager to get outside. However, it is also time to do some *spring cleaning*! Your church might have a parking lot that needs to be maintained after snow and ice took a toll on it, a garden that needs to be replanted, or simply a whole building that could use some tidying to get ready for the warmer weather. No matter what kind of spring cleaning you are doing, you might be noticing that your church could benefit from some updates. Does the building require much-needed renovations? Do the dated technologies you are using need a serious upgrade? If you are looking to spruce up your church this season, we can help!

The Iowa United Methodist Church Building Fund Trust loan program makes it possible for your church to get a loan for the purpose of repairing and revitalizing your church for all of your missional needs. We can help with all of the above and more—the Trust can help with new construction, or updates to your floors/carpets, parking lots, windows, etc. We can also refinance any high-interest loans you may have. Contact us today by emailing Cassie Parks at cassie.parks@iumf.org or calling 515-974-8929. She can answer the questions you have and help you out through the loan application process. The loan application, offering circular and more information is on our website at www.iumf/church-building-loans/. ***Ask us about our loyalty discount if you already have an account with us!**



A Way Forward

(Following the February 2019 General Conference)

Concerns have been raised about the Foundation's role in investing funds if congregations or individuals change their membership from the Iowa Annual Conference.

- * Your investments are **secure**. No action taken by the 2019 General Conference, or the 2020 General Conference will impact ANY church's or individual's ability to utilize the Foundation.
- * The Foundation is **independent** of the General Conference, the Iowa Annual Conference, the Council of Bishops, the GCFA, Wespath, and any other United Methodist denominational entity. We are registered as an Iowa Nonprofit Organization, and we hold an independent IRS 501(c)(3) tax-exempt ruling.
- * **No** apportionment funds are received by the Foundation.
- * The **mission** remains. The Foundation continues to serve as prudent investors for ALL non-profit ministries, regardless of denomination. The Foundation will continue to partner with individuals and congregations for the **long-term financial support** of the ministries they love.



With the Board of Directors, we continue to pray for the mission and ministry of all congregations.

If you have any questions about the Foundation, and the impact the General Conference may have had on your relationship with the Foundation, please contact me at Katharine.yarnell@iumf.org or call me at 515-974-8928.

- Katharine Yarnell, Executive Director
at the Iowa United Methodist Foundation



**Partners in
Stewardship**

Guide to Your Account Statement

ASSET SUMMARY

The description of which investment the account is invested in: *Equity, Balanced, Bond, Short-Term Income* or a *percentage mix*. The Current Market Value of the fund(s) and the percentage of each fund.

ACCOUNT ACTIVITY SUMMARY

Beginning Market Value: The total value of the account at the beginning of the statement period

Contributions: Additions to the account, if any

Income: Earnings from interest and dividends, net of fees

Recognized Capital Gains: Gains or (losses) from sales of assets

Disbursements: Scheduled or requested withdrawals of funds

Change in Market Value: Appreciation or (depreciation) of pooled investment funds

Ending Market Value: Beginning Market Value + Contributions + Income +/- Recognized Capital Gains/Losses - Disbursements +/- Change in Market Value

ASSET DETAILS

Asset Description: Fund(s) included in the account

Shares: Number of units owned by the account holder

Market Price: The per unit value of each investment fund

Net Cost: The original investments plus any additions or reinvested income

Unrealized Gain/(Loss): Change in the market value of investments during the statement period

Investment Report

Investments adhere to the *Social Principles* of the United Methodist Church, and are monitored quarterly by the Iowa United Methodist Foundation's Investment Committee. Our Equity Manager is Parametric, which has built a social principles index fund for these investments. Our Bond Manager is Telemus, which actively constructs the Bond Portfolio. A disclosure statement on the funds can be found at www.iumf.org/resources/.

BOND FUND—While it looks as though the US Federal Reserve will take a break from rate hikes in 2019, it also warned of a continuing slow-down in the economic growth rate. Credit spreads are tightening. The spread between Treasuries and corporate bonds fell. Federal Reserve Chair Jerome Powell warned of global economic struggles as a headwind to the US economy.

EQUITY FUND—There was a short rally of stocks in early 2019. However, global growth is slowing. Political tensions surrounding protests in France, elections in Spain, difficulties in Venezuela, and rekindled India-Pakistan conflicts, are resulting in elevated risk. Worries about high public and private debt levels, the significant slow-down in Chinese growth, and the continuing concerns over Brexit all point to a deterioration in market prices.

Investment Fund Descriptions

BALANCED FUND—This fund seeks to balance the objectives of long-term capital appreciation and present income. Therefore, the Balanced Fund is invested in a diversified portfolio of fixed income securities, equity securities (including those of foreign issuers and small capitalization companies), cash and cash equivalents and other alternative investments. The Product Mix and Diversification shall strive for a 40/60 balance between equity and fixed income investments, within the following ranges:

30% to 50% Fixed income: U.S. Government notes and bonds, mortgage and asset backed securities, C.D.'s, corporate bonds, municipal bonds and international mutual funds with up to 15% of fixed income investments in preferred stock, securities convertible to common stock, real estate and other hybrid issues approved by the Investments committee.

50% to 70% Equity: 40% large cap domestic stocks, 20% small/mid cap domestic stocks, 40% international stocks.

Up to 10% Cash: Money market funds, treasury bills and money market equivalents.



SHORT TERM INCOME FUND—This fund's primary objective is to provide an investment vehicle for shorter term funds seeking to earn a better rate of return than a traditional savings account or money market fund. Under normal market conditions, this fund's holdings will consist primarily of fixed income securities in the U.S. Government, government backed obligations, C.D.'s or similar types of investments with average maturities of three years or less.

100% Fixed Income: U.S. Government backed bonds, corporate bonds, treasury bills, C.D.'s, mutual funds and cash equivalents. The fund shall have an average maturity of three years or less.

****Check www.iumf.org/investment-funds/performance/ at a later date for performance numbers****

BOND FUND—This fund’s primary investment objective is to maximize present income. The fund’s holdings will consist primarily of fixed income securities. Rounding out the portfolio is a small allocation to cash and cash equivalents.

Fixed income securities in which the funds may invest include debt securities of all types, including but not limited to, obligations of the U.S. Government, Federal Agency obligations, corporate bonds and notes, sovereign debt of non-U.S. countries and mutual funds whose underlying assets are primarily fixed income securities. All convertible securities are classified as equity securities. The average maturity of the fixed income instruments will be three to five years with an average investment grade ranking as ranked by S&P or Moody’s.

Equity securities in which the funds may invest include common stocks, securities convertible into equity securities and mutual funds investing primarily in equity securities. As for individual common stocks, the funds are limited to investing in companies whose shares are traded on the New York Stock Exchange, Inc., the American Stock Exchange, Inc., or the National Association of Securities Dealers, Inc., National Market System. The Balanced Fund and the Equity Fund may also invest in securities of foreign issuers which are traded on major U.S. exchanges/markets.

Up to 100% Fixed Income: U.S. Government notes and bonds, mortgage and asset backed securities, C.D.’s, corporate bonds, mutual funds and municipal bond mutual funds, with up to 15% of fixed income investments in preferred stock, securities convertible to common stock real estate and other hybrid issues as approved by the Investment Committee.

Up to 10% Cash: Money market funds, treasury bills and all money market equivalents.

***All funds allow a variance of +/- 10% from the stated “Strategic Allocation”**



EQUITY FUND—This fund’s investment objective is to seek long-term capital appreciation. Current income is a secondary objective. The fund pursues its objectives by investing primarily in common stocks and securities convertible or exchangeable into common stocks, including warrants and rights.

Up to 100% Equity: 40% large cap domestic stocks, 20% small/mid cap domestic stocks and 40% international stocks

Up to 10% Cash: Money market funds, treasury bills and money market equivalents

****Check www.iumf.org/investment-funds/performance/ at a later date for performance numbers****

Building Fund Trust

CERTIFICATES

This is an investment opportunity for both churches and individuals! These fixed rate certificates are offered in one-, three-, and five-year terms. Rates are set on the first business day of each month.

When churches and individuals take advantage of our BFT certificates, they are not only benefitting themselves, but United Methodist churches and agencies in Iowa as well. The funds from the certificates allow the Foundation to finance loans to United Methodist churches and agencies in Iowa for the purpose of improvements to their buildings and/or technologies. Learn more about certificates on our website by going to our Building Fund Trust Certificates page under the 'Services for Churches' tab or the 'Services for Individuals' tab.

Rates as of April 1, 2019

One-year:	2.17%
Three-year:	2.35%
Five-year:	2.80%



LOANS

Has your church been wanting to make some much-needed updates? Now is the perfect time to do so! We offer construction loans with terms up to one year and permanent loans with an amortization of up to 15 years with a five year reset. Short-term, unsecured loans that are \$50,000 or less are also offered upon board approval.

Loans are offered for a variety of projects ranging from small to big projects such as:

- Construction of a new building
- Renovations to the sanctuary or fellowship hall
- Large/small appliance or technology updates
- Ministry expansions, such as a preschool
- Refinancing of an existing institution's loan



Visit our website at www.iumf.org/church-building-loans/ to find the application, offering circular, and more information about BFT loans.

***Ask us about our loyalty discount if you already have an account with us!**

Planned Giving

GET THE MOST FROM THE NEW TAX LAW'S BENEFITS

The new tax law almost doubles the standard deduction. This increase gives taxpayers a very nice choice to either itemize their deduction or claim the standard deduction. You may want to consider new strategies that can provide you with both tax and non-tax benefits:

- Fund a Charitable Gift Annuity
- Make an outright gift of an appreciated asset
- If you are over 70 and 1/2, make an IRA rollover gift

Go to <https://iumf.giftlegacy.com> to use our confidential planned giving service.

We also have several forms and brochures for you to utilize at www.iumpf.org/resources/.



Looking Forward – what else is happening at the Foundation in 2019?

SCHOLARSHIP INFO—Applicants will hear back in May on the status of their application. If you receive a scholarship, you will get an email with an acceptance link. Once the school year has started and you are enrolled as a full-time student, verification of your enrollment must be sent by the registrar to the Foundation in order for us to send the money. Checks will be issued AFTER we have the verification of enrollment on the 15th of the month.

HELP LOANS—This program helps pastors by offering a low-interest rate to refinance student loan debt acquired during seminary. Applications are open June 1—September 1. Go to www.iumpf.org/help-loans/ for more information.

CARMA MOHLER GRANT—This grant is for organizations that are addressing the issue of hunger in their communities. Groups who have received the grant in previous years have had projects related to gardening, food pantry work, and lunch programs for students during the summer months. Applications are open July 1—October 1. Check out www.iumpf.org/carma-mohler-grant/ for more information.

NEWSLETTER — We have a NEW monthly newsletter that contains beneficial articles and brochures, planned giving information and other resources for you and your church. Sign up to receive it at www.iumpf.org/connect/.

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