

IOWA UNITED METHODIST FOUNDATION

1st Quarter Report 2023

GRANTS FOR UNDER-SERVED/RURAL AND MINORITY PASTORS

PAGE 1 & 2

WEBINAR: SMART ESTATE PLANNING IN LIGHT OF RECENT LEGISLATION

PAGE 1 & 2

LETTER FROM THE DIRECTOR

PAGE 3

OUR GIFT TO YOU

PAGE 4

PERFORMANCE & MARKET REPORT

PAGE 5-8



NEW offers you won't want to miss: Covid Recovery Grants for Under-served Clergy



IUMF is partnering with Wespath and Gammon Theological Seminary (and their *Clergy Financial Well-Being Initiative*); and Lilly (and their endowment *Economic Challenges Facing Pastoral Leaders*) to offer a limited number of \$500 grants. These funds are meant to improve financial literacy and well-being for clergy who were harshly affected by the Covid-19 pandemic, particularly clergy who are under-served (work in a rural area) or under-represented (minorities). According to Wespath's vision for the *Clergy Financial*

Continued on page 2

Free Estate Planning Webinar April 20th

Uncertain about what the new tax law means for you and your family? Wondering how to proceed with estate planning? This webinar is for you!

When: Thursday, April 20 at 6:30 pm CST.

Where: Virtual. We will email you the Zoom link when you register.

Who: Hosted by IUMF Executive Director Katharine Yarnell. Presentation by Johni Hays, JD, Senior VP of *Thompson & Associates*.

Johni is a national presence in the field of estate planning.

Continued on page 2



CONTINUED FROM PAGE 1

Covid Recovery Grants & Estate Planning Webinar

Continued from page 1

Well-Being Initiative, clergy across the United States have faced many challenges as a result of the Covid-19 pandemic. Burnout has increased, as well as ongoing uncertainty surrounding the rapidly changing church. Clergy from under-served/rural and under-represented groups, especially within communities of color, have been disproportionately affected. Addressing this disparity is a focus for these grants. If you are a pastor of color or serve in a rural area following the pandemic, we encourage you to submit an application for a grant. Applications will be accepted through June 10, 2023. You can download the application on our website or scan the QR code below to fill it out online. **To be eligible for a grant, you must plan to continue to serve the United Methodist Church.** Please direct any questions to info@iumf.org.



Continued from page 1

She has written and lectured about this topic, helping people take charge of their estate plans and at the same time, she'll show you how to leave more for your heirs than you thought possible. Through the use of strategic estate planning techniques, you'll learn how to maximize your assets for you and the future of your loved ones while finding peace of mind that you have the right plan in place. Johni will address such questions as:

- Has your estate plan been updated in the last 3-5 years?
- Does your plan cover critical issues such as children from prior a marriage, special needs family members or education trusts for grandchildren?
- Has your estate plan addressed a common tax that affects most estates yet is often overlooked in planning?
- Could updating your estate plan make it easier for the surviving spouse to access funds?
- How can you benefit your favorite charities and avoid paying taxes on your IRA's Required Minimum Distributions?

To register, send an email to info@iumf.org or visit <https://iumf.org/webinar-sign-up/>. This training is FREE and open to the public.

You can also schedule a 1-on-1 visit with Johni! Learn more on page 4.

LETTER FROM THE DIRECTOR

Reassurance Regarding Your Investments

Since the Foundation was founded in 1957, the purpose has been to support non-profit organizations with their investments and financial stewardship.

Therefore, the Foundation has always been able to work with **ANY non-profit organization, regardless of denomination or non-denomination.**

The focus has been to particularly support the ministries of the Methodist, and later the United Methodist churches, but has always been the intent to help all non-profits.

Please let us know if you have any questions, or if you would like to schedule a review of your accounts, or a workshop or other training.

Along with our Board of Directors, we continue to pray for the mission and ministry of all congregations. If you have questions, please contact me at katharine.yarnell@iumf.org or 515-974-8928.

Many Blessings,
Katharine Yarnell
Executive Director, IUMF



OUR GIFT TO YOU

Estate Planning Support

Do you have questions about your will?

Ask an estate planning lawyer—confidentially and at no cost to you!

Creating or reviewing your estate plan is important to ensure your documents appropriately reflect your current situation. The Foundation is providing complimentary assistance with reviewing or developing your plan through meetings with estate planning expert lawyer Johni Hays of Thompson and Associates. These meetings are between you and Johni—no Foundation representatives are present.

The process provides clarity, peace of mind and an incredible sense of significance—you leave knowing your comprehensive estate plan tells your story, reflects your values and supports your loved ones.

You can use your meeting time to simply ask a question; there is no obligation to continue. There is also NO obligation to leave a gift to anyone.

To set up a time for your complimentary conversation with Johni, contact us at info@iumf.org or 515-974-8927.



Meet the Expert

Johni Hays, Senior Vice President
Thompson & Associates

Based out of Johnston, Johni is the estate planner our clients meet with. She has practiced law with an emphasis in charitable and estate planning since 1993. She joined *Thompson & Associates* in 2012 because of their reputation for integrity and her desire to help others. She is also an accomplished writer who enjoys animals and the ocean.

FUND PERFORMANCE REPORT

As of March 31, 2023

Investments were made according to the Social Principals (Book of Discipline Paragraph 717) and were focused on high quality bonds and value stocks. Please contact us if you would like to review your investments.

The actual net returns for each of the funds as of March 31, 2023

	March	QTD	YTD	Trailing 12
Balanced	1.33%	4.06%	4.06%	-3.26%
Bond	1.38%	1.49%	1.49%	-0.81%
Equity	1.37%	6.52%	6.52%	-4.80%
STI	1.72%	1.19%	1.19%	-0.84%

Benchmark average gross returns for each of the funds as of March 31, 2023:

(Please note—The benchmark includes higher risk/junk bonds and growth/higher risk stocks, so we aren't quite comparing "apples to apples." This also does not include management or administration fees.)

	March	QTD	YTD	Trailing 12
Balanced ₁	1.43%	4.88%	4.88%	-4.10%
Bond ₂	1.43%	2.21%	2.21%	-3.45%
Equity ₃	1.52%	6.79%	6.79%	-4.73%
STI ₄	1.74%	0.50%	0.50%	-0.90%

¹24% MSCI EAFE / 24% S&P 500 / 12% S&P 1000 / 30% Barclay's Government Credit / 10% ML US High Yield BB 1-10 yr.

²75% Barclay's Government Credit / 25% ML US High Yield BB 1-10 yr.

³40% MSCI EAFE / 40% S&P 500 / 20% S&P 1000

Average annual calendar returns (2018-2022):

IUMF	1 YEAR	3 YEAR	5 YEAR	BENCHMARK	1 YEAR	3 YEAR	5 YEAR
Balanced	-2.22%	2.77%	3.40%	Balanced	-2.17%	2.82%	4.21%
Bond	-0.01%	-1.17%	0.12%	Bond	-0.28%	-1.30%	0.92%
Equity	-3.71%	4.20%	4.77%	Equity	-3.44%	4.81%	5.34%
STI	-0.08%	-0.90%	0.63%	STI	0.18%	-0.66%	0.55%

BALANCED FUND

As of March 31, 2023

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.

RATE OF RETURN—2023

	March	QTD	YTD	Trailing
Actual*	1.33%	4.06%	4.06%	-3.26%
Benchmark	1.43%	4.88%	4.88%	-4.10%

RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-2.22%	2.77%	3.40%
Benchmark	-2.17%	2.82%	4.21%

BALANCED FUND BOND:

Sector:	% of Portfolio
Treasury	16.82%
Corporate (IG)	62.33%
Corporate (HY)	20.60%
Mortgages	0.00%
Cash	0.25%

BALANCED FUND EQUITY:

Sector:	% of Portfolio
Large Cap	40.20%
Mid Cap	13.50%
Small Cap	5.50%
International	40.50%
Cash	0.30%

BALANCED FUND BOND

CHARACTERISTICS:

Duration	3.12
Average Credit Quality	BBB+

*Net of fees

BOND FUND

As of March 31, 2023

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.

RATE OF RETURN—2023

	March	QTD	YTD	Trailing 12
Actual*	1.38%	1.49%	1.49%	-0.81%
Benchmark	1.43%	2.21%	2.21%	-3.45%

ASSET ALLOCATION BOND

Cash	1.25%
Investment Grade	63.06%
High Yield	22.17%
Treasury	13.52%

RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-0.01%	-1.17%	0.12%
Benchmark	-0.28%	-1.30%	0.92%

EQUITY & SHORT TERM INCOME

As of March 31, 2023

EQUITY: 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.

RATE OF RETURN—2023

	March	QTD	YTD	Trailing 12
Actual*	1.37%	6.52%	6.52%	-4.80%
Benchmark	1.52%	6.79%	6.79%	-4.73%

RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-3.71%	4.20%	4.77%
Benchmark	-3.44%	4.81%	5.34%

SHORT-TERM INCOME: 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.

RATE OF RETURN—2023

	March	QTD	YTD	Trailing
Actual*	1.72%	1.19%	1.19%	-0.84%
Benchmark	1.74%	0.50%	0.50%	-0.90%

RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-0.08%	-0.90%	0.63%
Benchmark	0.18%	-0.66%	0.55%

*Net of fees

MARKET SUMMARY

1st Quarter 2023

This has been another volatile quarter. The failure of Silicon Valley Bank made the markets skittish—and the historical perspective of daily or weekly bank failures in previous decades has been perhaps forgotten.

BONDS

Changes in interest rates have been the main influences on bond prices this quarter. The volatility of interest rates has been the highest since 2008-2009. Economic conditions are softening and borrowing rates are higher; and the strategy of the Foundation remains weighted with investment-grade bonds. We are not expecting a return to the Great Recession paradigm of near-zero interest rate policy, but rather a new attention to risk.

EQUITY

While the first quarter has been strong, we are expecting a slowing economy. Some factors to consider include: 1) forward earnings expected to decline; 2) inverted interest yield curve; and 3) below average unemployment. Historically these three factors indicate a downturn on the horizon. The conservative approach has been favorable for the current and anticipated conditions.

WANT TO RECEIVE YOUR ACCOUNT STATEMENT(S) ELECTRONICALLY?

Fill out the E-Statement Registration Form on our website: <https://iumf.org/resources/> or email info@iumf.org to request the form.



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