

EPISCOPAL DIOCESE OF NORTHERN MICHIGAN
ENDOWMENT ENABLING PROGRAM
Frequently Asked Questions (FAQ)

Q #1: What are the goals of this endowment enabling program? How might our church benefit from these suggested endowment-related possibilities.

A: First, assist local churches as they engage in the strongest possible financial planning, from their point-of-view, for their future mission and ministry.

Second, help churches further strengthen their endowment building and the investing of all their assets under management (AUM).

Third, assist churches become more comfortable with the special advantages and benefits of designated and named endowment funds and with strategies for endowment fund growth via planned giving and related activities.

Fourth, assist churches as they use endowment building as a tool to strengthen their possibilities for transformative discipleship, especially utilizing the Diocesan “Sowing Seeds for Transformation” program, with the option of using the Peter Block book, *Community: The Structure of Belonging*.

Q #2: How will the Diocese itself support local churches as they work with the endowment-related possibilities offered by our Endowment Committee?

A; Bishop Rayford: The Diocese will continue to support, and be available to, local churches working with the many endowment-related steps and activities offered as possibilities. This support, in the short term, will involve the Bishop, the Endowment Committee and our Ministry Developers.

Q #3: Are contributions I make to new or current, designated or undesignated, endowment funds subject to apportionment withdrawals or distributions (i.e., with any percentage redirected away from invested principle), whether the assets given are invested locally, or within our church's Trust Association endowment fund?

A: No principle you contribute to a current, or endowment fund you create, is

subject to percentage apportionments, either when you make the *initial* gift, or when you or other people make *additional*—perhaps annual—gifts. And if your named endowment fund gift is restricted to a specific program, purpose or church activity area (e.g., perhaps designated for music, worship, outreach, educational programs), the future distributions or withdrawals are *not* subject to apportionments. However, if your endowment fund gift to a new or current endowment fund is *not* restricted to a specific program or activity area, the gifted principle assets still are *not* subject to percentage apportionments. But the subsequent, future distributions or withdrawals are subject to apportionments. For example, if you created a new restricted endowment fund to support the Camp New Day Program, the program support distributions or withdrawals from that fund would not be subject to apportionments.

But if the church received a bequest, or any other endowment fund contribution, which is not restricted, the gift is invested as an endowment fund to generate annual or periodic distributions support church operations and programs generally. *Those* distributions *are* subject to apportionments.

Q #4: What will be the role and benefit to us in local churches of our Trust Association as we work with the endowment-related possibilities you have shared?

A: Our Diocesan Trust Association oversees and monitors the management of both Diocesan Assets Under Management (AUM) and the endowment assets belonging to most of our local congregations. (Only two or three churches do not have at least some of their endowment AUM invested within the Trust Association.) Each church can transfer any kinds of funds from any local account, from individual church bequests, or other church funds or event proceeds, to the TA at any time. Thus the church can begin taking greater advantage of highly qualified professional money management, evaluation and ongoing financial monitoring and scrutiny.

Any church can list within the TA assets any number of its own church funds. This well developed and dependable process can reflect, for example, the many separate designated endowment funds the local church tracks and reports, as well as its broader, general endowment fund. Distributions or withdrawals from any funds are transferred to any local church upon request usually within 2-4 days.

Quarterly and annual reports are sent to each vestry. Our Diocese is fortunate to benefit for many years from our TA operating as a highly qualified and high integrity partner for the investment management and reporting of the critically important local church funds. The TA will continue to help local churches take maximum advantage of the special advantages of endowment funding.

Q #5: How might we in our local church get started taking greater advantage of the endowment-related possibilities you are suggesting we consider? A: Please see the separate exhibit, entitled: *Endowment Related Local Church Possibilities & Activities: Questions for Discussion & Consideration*. Items with asterisks in that exhibit reflect possible early, start-up local church activities.

Q #6: What has our Diocese itself already done to begin to take advantage of the possibilities you are suggesting we in each local church consider?

A: Receiving the Gwendolyn Bagley bequest helped us realize that both churches and the Diocese have undeveloped potential for using bequests, memorials and other endowment gifts more creatively, both (a) to enrich local church discipleship, and, (b) to create awareness of the special advantages of endowment funding.

Congregational endowments invested through our Trust Association now total over \$6 million, a strong base on which to build. Virtually every church has some endowment assets already, and the potential to grow endowment funds as a means of expanding church programs and membership.

Bishop Rayford Ray appointed an Endowment Committee to help local churches increase awareness and capabilities for the development of endowment funds. Tom Lippart is the chair, serving with Committee members Barb Carpenter, Jane Cisluycis, Chuk Kleber, Pat Micklow, Manuel Padilla, Bishop Rayford Ray and Tom West.

Our Endowment Committee has presented at Convention and has created many relevant exhibits for local church use. The Diocese has researched its funds' history regarding donor names and designations, and has re-labeled many endowment funds so as to now use the word "endowment" and reflect many donor names.

Q #7: You have stressed that these endowment-related possibilities relate to both:

(a) local church program and discipleship enrichment and expansion, and,
(b) creating and building endowment funds to provide additional church funding support extending well into the future.

Is this what you mean when you refer to “Forever-Money” leading to “Forever-Caring”?

A: Yes. There simply is no charitable gift like an endowment gift. Absolutely no other kind of charitable gift is even close. As has been explained in our District presentations to our churches, there are two kinds of endowment funds, “True” endowment funds, and “Flexible” endowment funds. Both have demonstrable advantages.

About *True* endowment funds, we know that the initial and continuing principle dollar asset values are highly likely to continue to reflect long term year-to-year *increases* in dollar value in our traditional U.S. economy, even as up to 5% of fund value is distributed each year, as withdrawals to support our church programs and discipleship. As endowment fund money is withdrawn annually, the fund value increases in most years, so that 5% on an increasing dollar value base creates higher and higher levels of annual dollar withdrawals.

True endowment gifts are, indeed, the “gift that keeps on giving,” year after year, forever. Hence, creating within our churches, literally, “Forever-Money.” Forever-Money which becomes more and more a means for greater levels year after year of church programming and discipleship. And, hence, literally, “Forever-Caring” resulting from original and ongoing charitable endowment contributions—a remarkable wealth creation available to all churches and other non-profits.

(This exhibit was last updated on June 3, 2016.)