



Planned Giving & Endowments

What is Planned Giving?

Planned giving is simply giving that requires a little extra planning to accomplish. Typically, a planned gift is made from accumulated assets – stocks, land – or is structured to be completed in the future – putting a gift in a will, creating a charitable gift annuity, or naming the church as a beneficiary of an IRA.

Planned gifts can be a tremendous benefit to the ministries of your church. Furthermore, a major planned gift can be the culmination of a lifetime of faithful discipleship for the giver.

A successful planned giving program focuses on the following:

- 1) **Reminders.** Something as simple as printing “Remember Wesley United Methodist Church in your estate plan” in each edition of your church newsletter will help keep this idea before the congregation. Some persons may have simply not thought of the church in this way.
- 2) **Education.** Everyone needs a basic estate plan and there are many ways to make a charitable gift to the church that will complement other planning considerations. Help your people learn how.
- 3) **A Plan for Ministry.** Some donors might be concerned that a big gift to the church would either cause a fight or discourage others from giving. The church needs plans and policies that clearly describe how gifts will be used for life-changing ministry.
- 4) **Inspiration.** Demonstrate that your church is a great place to leave a legacy. Ensure that your church celebrates memorials in appropriate and meaningful ways. Lift up testimonials from those who give and from those who benefit from the gifts of others.

It is simple and easy to add planned giving to the “menu” of giving options at your local church. Remember that planned giving is NOT a campaign. You are not asking people for a particular amount, and you are not telling them when to give. Rather, you are planting seeds, suggesting ideas and letting them know that when they are ready to make this kind of gift – the church is a great place to do it.

Your Missouri United Methodist Foundation provides many free resources to help you begin and grow a successful planned giving program. (Contact the Foundation at 800-332-8238 or visit the website at www.mumf.org)

Your church does not have to create an endowment in order to encourage and receive “planned gifts.” Nevertheless, a properly structured endowment fund – or funds – will attract many planned and major gifts.

What is an Endowment?

An endowment is a charitable fund that provides a permanent source of income for the ministries of the church. A gift to an endowment is not spent. Rather, the earnings from that gift, and others, are spent in support of ministry – usually on an annual basis. If managed properly over time, the fund should grow to meet or exceed inflation and produce a growing annual income stream.

An endowment fund can be created in one of two ways:

- 1) An endowment fund can be created by the giver as a “restriction” on the gift. A bequest might state, “...I leave 10% of my estate to the Wesley United Methodist Church to be administered as a permanent endowment in memory of my late husband...” If the church accepts such a gift, it **MUST** honor the stated restrictions. Further the giver might narrowly restrict the use of the endowment by saying, “...the annual earnings from the endowment shall be used exclusively for the purchase of choir robes...” Again, the church **MUST** honor such a restriction if the gift is accepted.
- 2) The church can take the initiative to create one or more endowment funds. The existence of such funds will attract endowment gifts and help to avoid awkward restrictions initiated by a donor. Commonly, churches carve out specific ministry areas beyond the annual operating expenses to receive endowment support. For instance, missions, building maintenance & improvements, scholarships and music ministry are popular areas for targeted endowment support.

Who is responsible?

According to the **Book of Discipline**, 2008, ¶ 2532.5, the trustees of the local church shall receive, administer and invest bequests, trusts and trust funds subject to the direction of the charge conference.

So, if a church receives \$50,000 from the estate of Aunt Sally with the directive to administer it as an endowment for missions, then the trustees are responsible for seeing that the fund is properly invested, for providing financial reports to the finance committee, and for notifying the Church Council (or Administrative Council) of the amount of earnings that are available for use for the designated ministry purpose.

The **Book of Discipline**, 2008, ¶¶ 2532.5 and 2533, specifically authorize the charge conference to delegate these responsibilities from the trustees to a permanent endowment fund committee or local church foundation. Such delegation is recommended, especially in larger churches, so that the administration of permanent endowments and the promotion of planned giving can receive the full attention of a single committee. (The trustees usually have their hands full with property matters.)

Whether the job remains with the trustees or is delegated to an endowment committee, the church conference should formally adopt policies to help ensure proper administration of existing and future endowments. Some of the policy areas that will need to be addressed include:

- Investment policy. Endowments must be prudently and appropriately invested for long-term purposes. (A CD or money market account is a short-term investment that is not recommended for endowments.) Your policy can be as simple as a statement that the funds will be invested through the Missouri United Methodist Foundation, or a comprehensive outline of asset types and portfolio diversification.
- Spending policy. This policy will define how earnings may be harvested from the funds.
- Gift acceptance policy. This will guide the decision-making process as you examine the type of asset that is gifted, the restrictions the donor may place on the gift and the way the gift is processed.
- Acknowledgement policy. All gifts must be acknowledged promptly and appropriately to the donor or donor's family and to the congregation.

As a starting point, your church conference may want to authorize a single endowment to be administered by the trustees. Additional endowments can be added one at a time as the need or interest arises.

Alternatively, you may want to create an endowment committee and adopt a more comprehensive endowment "charter." This can be done first or can be done later when the program has reached a size beyond the administrative capacity of the trustees.

The following materials offer suggested policies and documentation.



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