

The Missouri United Methodist Foundation
Donor Information: Designated Funds
January 1, 2016

The services of the Missouri United Methodist Foundation are available to all individuals who wish to provide charitable gifts in support of the ministries of the United Methodist Church in Missouri. Our mission is to provide expanded opportunities for charitable giving to the church and to serve as a mechanism for perpetual administration of endowment gifts.

For all charitable funds administered by the Foundation, the Foundation will:

- Assure that all grants are distributed in keeping with the charitable wishes of each donor;
- Provide donors with reports on fund activity, including contributions, investment performance and grants;
- Ensure a diversified and competitive long-term investment program for all assets;
- Assure that the name of the donor or the fund is associated with all grants made from the fund (anonymity will be maintained if desired);
- Conduct an annual audit by independent accounting firm; and
- Provide documentation to each donor to substantiate charitable deductions.

Create a Designated Fund Today

Creating a designated fund at the Foundation is a wonderful way to ensure long-term support for the specific United Methodist church, agency, institution or ministry of your choice. Designations can also target specific charitable uses or purposes. By establishing a designated fund, you are creating a means to continue your charitable giving beyond your lifetime and to touch the lives of future generations.

A designated fund can help you achieve the following goals:

- Provide a source of financial support for your church or other United Methodist ministries in perpetuity;
- Establish one fund to support several organizations (e.g., designate a percentage of fund earnings to specific organizations);
- Ensure that if a church closes, an agency dissolves, or if a ministry program changes its purpose, the fund will carry out your charitable intentions through successor organizations or alternate means;
- Make an endowment gift to a new, small or struggling organization;
- Make an endowment gift without concern that the principal may be invaded or used imprudently, or not invested properly.
- Create a fund that will help a specific future project or ministry purpose.

To create a designated fund, the Foundation encourages a gift of at least \$10,000, either initially or anticipated through total giving over a period of time (e.g., a bequest or the remainder from a

charitable trust or gift annuity). Additional contributions of any amount may be made to funds already established.

- 1) Simply contact the Foundation office to discuss how you would like your fund set up.
- 2) We will then prepare a brief document that describes how you wish your fund to be administered. We will send a draft of this document to you (mail or email) for your review and approval.
- 3) When you are satisfied with the document, sign it and return it to the Foundation with your gift. A personal check can be mailed with the document. Contact the Foundation office for easy instructions for transferring a gift of appreciated stock. Gifts of real estate or personal property can also be wonderful gifts, but special rules and procedures for making such gifts may apply. Please contact the Foundation to discuss these types of gifts.

Create a Designated Fund in the Future

Another way to create a designated fund is with a gift through your estate plans. You can make provision in your will or trust document or through beneficiary designations on specific assets.

Here is some sample language that can be adapted for a will or trust:

[Describe a particular asset, a specific amount or a percentage of the estate] to the Missouri United Methodist Foundation, Inc., (“Foundation”) office currently located in Columbia, Missouri, for the purpose of creating a permanent charitable endowment fund (“Fund”) for the benefit of the Wesley United Methodist Church of Cityville, Missouri, (“Church”) or its charitable successor. The endowment fund shall be titled “The John and Jane Doe Charitable Fund” and distributions from the fund shall be for the general charitable purposes of the Church, without restriction. If the Church ceases to exist without a successor church, then the Foundation may use the Fund for purposes as near as possible to my original intent.

Alternatively, you may contact the Foundation and set up an administrative document as described earlier. The document would indicate that the gift to the fund will occur through a testamentary arrangement, and the document will simply be kept on file. Then the sample language for the will or trust might state:

[Describe a particular asset, a specific amount or a percentage of the estate] to the Missouri United Methodist Foundation, Inc., (“Foundation”) office currently located in Columbia, Missouri, for the purpose of creating or adding to “The John and Jane Doe Charitable Fund” as described in an administrative agreement with the Foundation dated 11/23/2016.

This arrangement can be useful if you wish to name multiple beneficiaries, designate specific uses, name alternate beneficiaries, or cover other matters that would be too lengthy to include in a typical estate document.

Investment

The assets that are entrusted to the Foundation to benefit United Methodist churches and UM-related agencies and organizations are invested with care and prudence. The Foundation maintains a diversified portfolio of investments intended to provide competitive investment performance results for all managed funds.

Responsibility for managing the Foundation's investment portfolio is vested in the Board of Directors through its Investment Management Committee. The committee works closely with the Foundation's professional investment advisors to set policy, establish performance benchmarks and continually monitor the performance of the Foundation's portfolio against these policies and benchmarks. The Foundation invests assets with a strategic allocation among a variety of equity, fixed income and alternative investments.

The Foundation may invest directly in securities or through the use of mutual and index funds. The Foundation utilizes a short term money fund to provide liquidity for distributions, but will normally be substantially invested in other securities.

The historic annualized returns for each of the Foundation Investment Funds as of December 31, 2015 were as follows:

	1 year	3 year	5 year	10 year	Since Inception
Aggressive Fund	-1.3%	5.1%	5.0%	4.6%	8.1% (June 1994)
Balanced Fund	-2.9%	3.3%	4.2%	4.6%	7.5% (Dec. 1990)
Conservative Fund	-2.9%	0.9%	2.9%	4.2%	5.3% (April 1997)

Historical returns are time-weighted and **net** of all costs, commissions and fees associated with the investments. Returns are annualized. Past returns do not indicate or predict future performance.

The total unaudited value of assets under management as of December 31, 2015, was **\$84,004,861**. The annual Foundation audit and additional investment information is available on request.

Administrative Fee

The Foundation assesses an annual administrative fee of 0.65 percent (65 basis points) on the balance of all funds and accounts. The administrative fee is deducted quarterly (1/4 of the annual amount) from each account. The administrative fee partially offsets operating expenses of the Foundation (e.g., auditing, in-house accounting, account reporting and administration). The administrative fee is subject to modification and may be increased or decreased at the sole discretion of the Foundation's Board of Directors.

Spending Policies

Typically, designated funds are created as permanent endowments. Therefore, the fund principal is preserved and grant distributions are made from a portion of fund earnings only. Over time the goal is for the fund and the fund distributions grow.

Donors may, however, create designated funds that are not permanent. Such funds may pay out some, or all, of the principal over time or when needed for a particular charitable purpose. When all funds are expended, the fund terminates.

For all permanent endowments that provide annual charitable distributions, the Foundation calculates the annual distribution according to its spending policy as authorized each year by the Foundation Board of Directors. The current policy is as follows:

When a new endowment is initially established it will only make distributions if the fund value is in excess of the gift amount and then, only the earned income (dividends and interest) is distributed until it reaches a value of 120% of the original gift amount. At that point, the distribution is determined by multiplying the average of the prior three year-end fund balances times the policy percentage approved for that year (for 2016, that percentage is 4.5 percent).

Foundation History and Mission

The Foundation is a charitable not-for-profit corporation organized and existing under the laws of the State of Missouri. The Foundation was established and authorized in 1967 by the Missouri East and Missouri West Conferences of the United Methodist Church. The Missouri East and Missouri West Conferences officially merged into a single entity known as The Missouri Conference (“Conference”) effective January 1, 2003. The work of the Foundation is directed by a twenty-three member Board of Directors nominated by the Foundation and elected by the Conference.

The Foundation was chartered for the general purpose of soliciting, receiving and administering gifts, donations and bequests of money and property to be used for the furtherance of the religious, charitable and educational efforts and activities of the United Methodist Church in Missouri. The Foundation is a qualified public charity and has established its exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

A Foundation staff person would be delighted to visit with you about your gift and discuss other helpful Foundation services. Please call us at 800-332-8238. Visit us on the web at: www.mumf.org