







Lynn Mander Endowment Management Consultant







Principles of Endowment Management

Why Endowments Matter:

- Respect for the past, vision for the future
- The sin of not having one
- The joy of doing it right





Endowments

What It is

Long-term invested fund with restrictions True endowment (donor designated) Quasi endowment (board designated)

What it is not

Reserve funds Collection of Trusts Invested Funds



What an Endowment is NOT for

- To plug holes in the annual operating budget
- A savings account for future emergencies
- Self-preservation

What an endowment IS for

- To support ministries beyond the annual operating budget
- To be an "opportunity" fund
- To provide donors with a trustworthy place to leave legacy gifts



Why Endowments don't grow

- Lack of Structure
- Outdated Structure
- Lack of Trust
- Unclear Purposes
- No one asked (Planned Giving)





Why is Structure so Important

- Fiduciary Responsibility
- Clarity of Purpose
- Clarity of Process





Policies Needed

Enabling Resolution Operating Policies

Investment Policy Statement
Disposition of Bequest Policy
Designated Gift Policy
Spending Rule
Gift Acceptance Policies

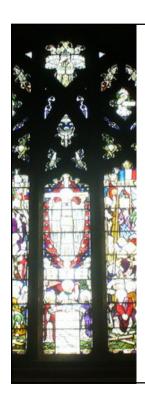


Key Operating Principles

- Understanding True vs. Quasi Endowments
- Investing as one; spending as two
- Protecting the corpus (spending power)
- Understanding UPMIFA (Uniform Prudent Management of Institutional Funds Act)

How UPMIFA Applies to Churches

- Applies to donor-restricted funds
- Rescinds "historic dollar value"
- Removes "income only" restraints
- Defines what "prudent" means
- Can be used to guide management of both restricted and unrestricted funds



Spending from the Endowment

- Total Return Spending Policy
- Setting a Reasonable Draw
- Long-Term Asset Class Forecasts
- Preserving Spending Power



Spending Rule Calculation

Here is a simple calculation we use to help endowment boards think through the implications of spending rules.

•	Spending Rate	5%	4%	3%
•	Inflation	2%	2%	2%
•	Fees	1%	1%	1%
		8%	7%	6%





Investing the Endowment

Investment Options

- → Bank/Brokerage House
- → Diocesan Investment Trust
- → Episcopal Church Foundation

What to Look For

Diversification of assets Solid performance measured against benchmarks

Reporting Service Fees





Effective Communications

Keep good records
Honor donor's wishes
Explain the concept, share details
Tell what the endowment has done
Explain how to give
Thank your donors



Recorded Webinars to Empower your Leaders

- · Basics of Planned Giving for Parish Leaders
- Basics of Endowment Management for Parish Leaders
- · Prospective Donors of Planned Gifts
- · Basics of a Capital Campaign
- Annual Stewardship
- Vestry Leadership 101

For links to recordings visit: www.ecfvp.org



Upcoming Free Live Webinars

- · Capital Campaign for Debt
 - March 12, 2014 7:00 PM 8:00 PM Eastern Time
- Working with Volunteers: the untapped resources in your pews
 - April 2, 2014 7:00 PM 8:00 PM Eastern Time
- Spending Rules for Endowments
 - April 9, 2014 7:00 PM 8:00 PM Eastern Time
- Basics of a Capital Campaign
 - May 14, 2014 7:00 PM 8:00 PM Eastern Time



Check our website, under Events, for more info.



At your service

ECF always available to assist at (800) 697-2858

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