

Investing Your Endowment

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Endowment Management Solutions

What is the Episcopal Church Foundation (ECF)?

Overview:

- Independent and lay-led foundation
- ECF's mission is to strengthen the **leadership** and **financial** capabilities of Episcopal congregations, dioceses, and other institutions
- ECF carries out this mission through a wide array of programs including...



Leadership Resources

- ECF Vital Practices (ecfvp.org)
- Vestry Resource Guide
- Fellowship Partners Program
- Educational Events
- Vital Teams

Financial Resources

- Vision and Strategic Planning
- Capital Campaigns
- Planned Giving
- Endowment Management
- Annual Giving/Stewardship

The investment goal of Endowment Committees

“Maintain the spending power of the Endowment”

How do you accomplish that?

Help from UPMIFA

- What is UPMIFA (Uniform Prudent Management of Institutional Funds Act)?
- How does UPMIFA affect you?
- Can UPMIFA guidelines be applied to both “true” and “quasi” endowments?
- What guidance does UPMIFA provide?

Investment Guidelines

- Diversify assets
- Delegate investment responsibility to professionals
- Avoid unnecessary costs
- Consider general economic conditions
- Follow the Investment Policy Statement (IPS)
of the institution

Spending Guidelines

- Follow your total return spending policy
- Work for the duration and preservation of the fund
- Consider general economic conditions
- Factor in the effect of inflation
- Calculate expected total return from investment strategy
- Reflect the purpose of the institution and the fund
- Balance need for distribution with preservation of capital

The investment Goal of Endowment Committees

“Maintain the spending power of the Endowment”

Accomplished by investing in such a way to achieve a return that exceeds or equals Draw + Inflation + Fees

Spending Rule Calculation

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

Seven Steps to Accomplishing Your Goal

1. Establish an Investment Policy Statement (IPS)
2. Engage professional management
3. Do your due diligence
4. Develop a total return spending rule
5. Link your spending rule to your investment strategy
6. Invest prudently
7. Spend prudently

Linking Spending Rate to Investment Strategy

Expected returns based on long-range asset class forecasts as of 12/31/14
 70/30 Equities/Fixed Income Portfolio – 6.18% annualized for three years *
 60/40 Equities/Fixed Income Portfolio – 4.82% annualized for three years *

Spending Rate	5.00%	4.00%	3.00%
Fees	1.00%	1.00%	1.00%
Inflation	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
	8.00%	7.00%	6.00%
Expected Return on 70/30 portfolio	7.00%	7.00%	7.00%
Difference	(1.00%)	0%	1.00%

*Investment managers hope to outperform asset class forecasts by 50 to 100 basis points

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

- **Using the Tools of ECF's Planned Giving on Demand**
 - September 2, 2015– 7:00 PM – 8:00 PM Eastern Time
- **Basics of a Capital Campaign**
 - September 23, 2015– 7:00 PM – 8:00 PM Eastern Time
- **Basics of Endowments**
 - October 29, 2015– 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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