

## Creating and Managing your Endowment

*Best Principles and Practices*

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Endowment Management Solutions



### Episcopal Church Foundation



**Empowering Congregations!**



## 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.

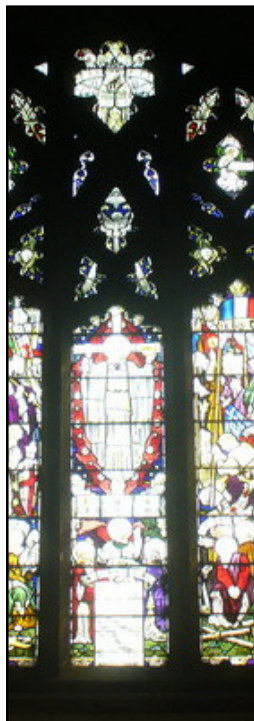
Reserve funds  
Collection of Trusts  
Invested Funds





## 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- Outdated Structure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

- *Vision*
- *Permanence*
- *Purposes*
- *Policies*





## Policies Needed

### Enabling Resolution

### Operating Policies

- Investment Guidelines
- Disposition of Bequest Policy
- Designated Gift Policy
- Spending Rule
- Gift Acceptance Policies



## 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





## Spending from the Endowment

- *Spending Rules*
- *A Reasonable Draw*
- *Long-Term Asset Class Forecasts*
- *Preserving Principal*



## Spending Rule Calculation

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



• Spending Rate	5%	5%	4%
• Inflation	2%	2%	2%
• Fees	1%	1%	1%
• Grow Assets	1%	0%	0%
	—	—	—
	9%	8%	7%





## Effective Communications

- Keep good records
- Explain the concept, share details
- Tell what the endowment has done
- Explain how to give
- Thank your donors



## Growing your Endowment:

### Types of Planned Gifts

- Bequests given through wills
  - (80% of Planned Gifts)
- Life Income Gifts (LIG)
  - Pooled Income Funds (PIF)
  - Charitable Gift Annuities (CGA)
  - Charitable Remainder Trusts (CRUT/CRAT)
- Special Asset Gifts:
  - 401(k) & Tax Deferred Accounts
  - Life Insurance
  - Real Estate, other appreciated property

## What is special about Planned Giving?



- Future focus
- Donor passion
- A planned gift raises the congregation to the level of family in a person's estate plans
- Sensitivity to individual needs, estate planning and end of life issues
- Building trust & sustaining awareness



## 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

Visit [www.ecfvp.org](http://www.ecfvp.org) for links to recordings.





## At your service

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

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