

Are You Ready for the Future of Giving at your Episcopal School?

Leadership Webinar - NAES

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The Episcopal Church Foundation (ECF)

Independent, lay led organization, founded in 1949



Empowers congregations and institutions through visioning and planning, leadership development, and raising financial resources for ministry

Through our programs, ECF is helping to build a Church characterized by:

- Lay and clergy leaders work together to transform the Church
- Healthy, vital, vibrant Episcopal communities of faith
- Meaningful opportunities for Christian stewardship and effective fundraising
- Innovative, mission-based ways to be the Church of the future



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, schools, 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

- Capital Campaigns
- Planned Giving
- Endowment Management
- Donor-advised Fund
- Annual Giving/Stewardship
- Strategic Resources



The Future of your Episcopal School

- Will you have the financial resources for doing your mission in the future?
- What are you doing now and what could you be doing better?
- Reflecting on your best next steps



Overview

- Goals of webinar
- Topics to cover
- How ECF can help

What can your donors give?

- Cash
- Appreciated assets
- Estate planning and various planned gifts
- Donor-advised Fund (DAF) grants
- Private Foundation grants
- Individual Retirement Accounts (IRA)
and Qualified Charitable Distributions (QCD)

Types of Gifts

- **Ordinary** - Annual Stewardship/Annual Giving
Funds contributed toward on-going daily ministry and operation of an institution.
- **Extra-Ordinary** - Capital Campaign
Special funds raised for a specific need, typically for new or enhanced facilities.
- **Ultimate** - Planned Giving
Gifts to support the future ministry and security of an institution and its mission.

Remember what your school must do!

- Build Trust
- Be Transparent
- Be Inclusive
- Be Brave
- Build relationship & Say 'thank you'

Tax Updates

- **Charitable Deduction still available**
 - Traditionally, about 30% of taxpayers itemized
 - Increase in Standard Deduction = Fewer Itemizing
 - Some may 'bunch' donations in Major Gifts or via Donor-advised Funds (DAF) to exceed standard deduction
- **Some enhancements to charitable deductions**
 - Pease Amendment Repealed
 - Previously reduced benefits of itemizing charitable gifts for high-income indiv.
 - AGI Limitation for Cash donation increased to 60% from 50%
- **What comes next??**
 - More diversity in giving different kinds of gifts: DAFs, LIGs, Other assets
 - Focus on IRA Qualified Charitable distribution (QCD)
 - DAF will continue to be a useful tool

Giving through an IRA – A New Wave to come

Qualified Charitable Distribution (QCD)

- What is It?
 - Direct rollover from your IRA to charitable organization up to \$100k
 - Congress made permanent in 2015– No changes in 2018 tax code
- Who is Eligible?
 - Any traditional IRA Owner/Bene at least 70.5 years old
- Why Do It?
 - Helps meet your Required Minimum Distribution (RMD)
 - Lower Your AGI

Notes on QCD

- Payment must be made directly to charity– not the owner/beneficiary
- Does not provide charitable deduction
- Only applies to traditional IRA– other qualified dollars not eligible
- Cannot be used to fund a Life Income Gift such as CGA

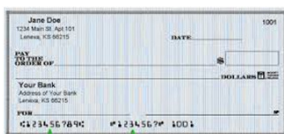
What is a Donor-advised Fund (DAF)

A donor-advised fund, or DAF, is a philanthropic vehicle established at a public charity. It allows donors to establish their own individual fund, make charitable contributions to that fund, and receive an immediate tax benefit for that contribution. The donor then recommends grants from the fund to qualified charities.

What is a donor-advised fund?

A hybrid...

checking,



savings,

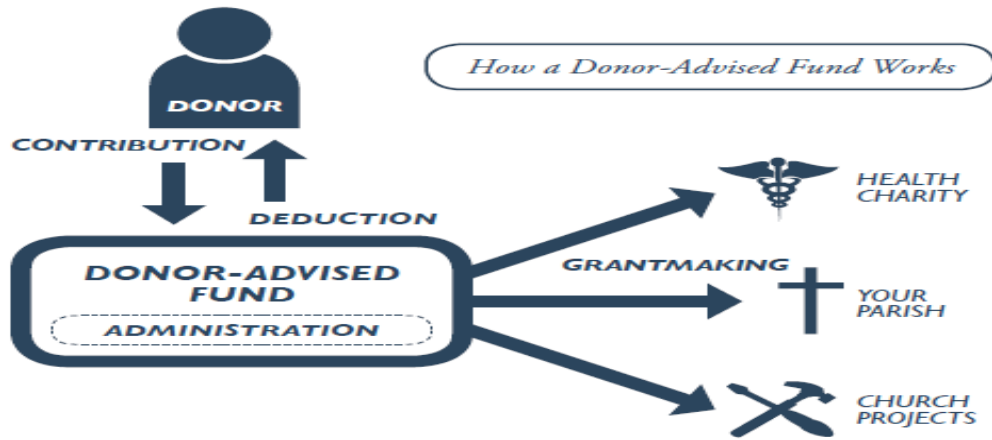


& investment



account exclusively for charitable giving

What is a donor-advised fund?



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What is the appeal of DAFs to donors?

- Simplicity
- Ease of use
- Flexibility
- Customize to donor needs
- Anonymity, if desired



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Cautions: The Don't Cheat Sheet

1. Don't allow or encourage donors to pay 'obligatory' pledges with grants from their DAFs.
2. Don't allow DAF grants to be used for the donor's personal benefit (ex-memberships, tickets or other benefits).
3. Don't accept grants into non-approved legal structures.
4. Don't provide the donor with a 'tax deduction' acknowledgement letter.

Maintain the relationship: 'The Do' Cheat Sheet

1. Do acknowledge that DAFs exist and are becoming an increasingly common and important component of philanthropy.
2. Do mention that you accept DAF gifts in your contact points.
3. Do provide a thank you letter to your DAF grantors confirming no benefits from grant, and do not mention pledge.
4. Do get to know your DAF grantors.
5. Do let your needs as a institution be known.

Do your Donors have a DAF or a Private Foundation?

- Ask them!

Endowments...for *your* school



When talking about planned giving... *why does an endowment matter?*

You'll need one to hold all the gifts you'll receive!

Your school will be a good steward

Potential donors will **trust** you

A well-managed place for gifts

Planning for a robust future

Themes...

- Importance of structure and policy
- Restricted vs unrestricted
 - How much to spend?
 - For what purpose?
- Know what you have, what you want,
what you can fund
- Create awareness and build trust

Endowment Basics...

What is an endowment?

Long-term invested funds with restrictions on spending

Two types

True endowment – *donor* designated

Quasi-endowment – *board* designated

Either may be restricted as to purpose, or not

Structuring Your Endowment...

What are the necessary documents?

Enabling Resolution – *adopted by Board*

Creates endowment, defines purpose, details oversight

Operating Policies – *developed by Endowment Committee, ratified by Board*

Investment Policy Statement

Spending Policy

Bequest Policy

Donor-Restricted Funds Policy

Gift Acceptance Policy

Managing Your Endowment...

How UPMIFA applies to schoolsApplies to *donor*-restricted endowment fundsGuides *board*-restricted funds

Invest and spend “prudently”

Must *preserve spending power*Allows “*total return*” spending

Removes “income only” restraints

Managing Your Endowment...

Calculating Your Draw

Use this simple calculation to consider the implications
of various spending rates:

Spending rate	5%	4%	3%
Inflation	2%	2%	2%
Fees	<u>1%</u>	<u>1%</u>	<u>1%</u>
Return needed	8%	7%	6%

Growing Your Endowment...

Your endowment will grow *incrementally* through investment returns

Your endowment will grow *exponentially* through planned giving

What is special about Planned Giving?



- Future focus
- Donor passion
- A planned gift raises the institution 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

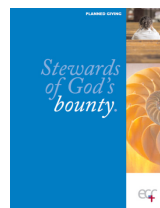
Types of Planned Gifts

- Bequests given through Wills/Trusts/
Designated Allocations
 - 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
- Charitable Lead Trusts



Existing PG resources from ECF

- Direct Leadership Support
- Funding Future Ministry
- Life Income Gift Illustrations
- Planned Giving Sponsored Website for Donors www.episcopalgifts.org
- **Planned Giving on Demand**



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

***Check our website, under
Events, for more info.***



At your service

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