



Starting a Church Legacy Endowment Fund

Program Overview

What is the Legacy Endowment Fund?

The Legacy Endowment Fund provides a way for churches to receive and hold gifts for specific causes. The program was developed by Barnabas Foundation in the USA and Christian Stewardship Services in Canada to provide churches with all the advantages of a Foundation without the legal and accounting cost and work of creating and maintaining their own foundation. Assets given to the Legacy Endowment Fund are available to the church for specific purposes and are protected from any creditor claims against your church.

How Does a Legacy Endowment Fund Receive Assets?

- From estate gifts of cash or property
- From immediate cash gifts or gifts of securities
- From planned gifts structured around the sale of significant assets or pivotal events in life.

Why should a congregation start a Legacy Endowment Fund?

- **Ministry Opportunities**
 - There are many ministry opportunities that could make a significant kingdom impact if adequate funds were available. However, these opportunities are often left unfulfilled because there is not enough money in the budget.
 - By participating in the Legacy Endowment Fund, a church can set aside large gifts that are used only for those special opportunities or to fund extraordinary ministry projects.
- **Member's Needs**
 - Throughout their lives, many church members view their church as the primary focus of their investment of time and money for kingdom work. They have sacrificed and worked to meet the needs of the church and its mission. Most members want the mission of their church to continue long after they themselves have passed away. However, many members worry about the impact of a large estate gift on the church budget. They are concerned that such a gift may be used for other purposes or that it might discourage giving by other members.
 - By establishing and promoting a Church Legacy Endowment Fund, members can be confident that their gift will help the work of their church to continue in a systematic way long after they are gone. As part of the agreement, members are assured that, in the unlikely event of the demise of either your congregation or the

causes you support, independent Christian trustees (the Board of Directors of CSS) will assign the assets to an organization or cause which most closely mirrors the one designated at the time of the gift.

- **Features of a Church Legacy Endowment Fund**
 - A structure is in place to receive and administer estate gifts of cash or property.
 - Professional investment management of the Fund assets, ongoing promotional materials and regular reports on asset growth are provided.
 - Income is produced for special needs or projects that the church would like to accomplish, but probably wouldn't be able to without some alternate funding source.
 - Funding can accumulate for a specific time in order to fund a major capital expenditure, i.e. a new building or other expansion

Can a Church create its own Foundation or Endowment Fund?

Absolutely, and some congregations do. However, there are significant impediments that keep many such Foundations or Endowments from being successful over the long-term. Most individual Church Foundations or Endowments rely on volunteer boards. Due to turn-over and differing levels of expertise or interest, the promotion of the Foundation and the management of the assets over several decades is usually inconsistent. The Church Legacy Endowment Fund program was developed in response to the need of many congregations to have a consistent, well managed and promoted Fund which members can identify in their Wills or direct specific gifts to.

How does the Church Legacy Endowment Fund grow?

While people can give immediate cash gifts to the Fund, most gifts come from Wills and bequests or from large planned gifts structured around pivotal events in that person's life such as the sale of significant assets. Most gifts given to an Endowment Fund are not spent, but are invested to "work" for the church

The gifts received are invested by CSS under the direction of an Investment Committee consisting of professionals with investment, banking, legal and insurance experience. The funds are pooled to take advantage of scope and size and to obtain a reasonable rate of return within acceptable risk parameters. Some funds may be lent to Christian churches, schools and senior complexes.

Can an Endowment Fund discourage weekly giving?

Yes, it can if it is not set up properly or its mission is not communicated clearly. One concern people have with an Endowment Fund is that it may be used to cover expenses that are normally covered by the regular offerings of church members. Many people believe it is important to restrict the use of Endowment Funds to special projects or ministry opportunities that are outside the normal ministry functions of the church. Generally, the church's ongoing expenses should be funded by the weekly support of its members.

How do we set up a Church Legacy Endowment Fund?

There are three easy steps to establish a Church Legacy Endowment Fund for your congregation:

- **Step One:**
The church council must pass a resolution to approve the establishment of the Fund, and sign an operating agreement provided by Christian Stewardship Services. Christian Stewardship Services will also provide the church with Endowment Fund policies and procedures and other documents needed for the operation of the Endowment Fund.

- **Step Two:**
The council should appoint an Endowment Fund Committee consisting of three or more people to promote the Endowment Fund, monitor the different Funds in it, and oversee the distribution of gifts. (This Committee may be a free-standing committee composed from the church membership. It may be a subcommittee of the deacons or it may be the responsibility of all of the deacons. There must, however, be an accountability structure which connects the committee to the Church Governance Body.)

- **Step Three:**
The Endowment Fund Committee should publicize the Endowment Fund, its purposes, and its advantages to the church body. Christian Stewardship Services will provide promotional materials that are ready to be copied and distributed to the congregation. These materials include information about the different Funds, and ways in which church members can contribute to the Legacy Endowment Fund.

Christian Stewardship Services' administration of the Fund includes the issuance of tax receipts to donors of gifts, the stewardly management of the assets in the Fund, the provision of an accounting of the Fund (semi-annual reports), and the distribution of the Fund in accordance with donors' instructions and/or Fund policies.

What kinds of Funds can be set up within the Church Legacy Endowment Fund?

- Each Church will have available to them five clearly defined funds, as detailed herein. They may decide not to use or make deposits to some of these funds.

- Each Fund is designated as a Permanently or a Temporarily Restricted Fund:
 - **Permanently Restricted Funds** are designated to be Perpetual Funds providing ongoing support for a particular ministry goal. Annual distribution from the Fund will be a set percentage of the June 30 balance in the Fund each year.
 - **Temporarily Restricted Funds** are set aside for a particular purpose. Both income and principal are held in the Legacy Endowment Fund until the Endowment Fund Committee makes a distribution request for a qualifying expenditure

- A Church or an Individual who makes a gift of \$50,000.00 or more may establish a new Fund or establish a distribution plan different than the one designated for a particular Fund if they wish. All new Funds must be approved by your church's Endowment Fund Committee and by Christian Stewardship Services.

The Favourite Funds

○ **Missions Support Fund**

This Fund will be used to support long-term and or short term Missions activities sponsored by the church. All contributions to the Mission Support Fund will be permanently restricted. The Legacy Endowment Fund will distribute a set percentage of the June 30 balance in the Fund each year.

○ **Christian Education Fund**

This Fund will be used to supplement the church's support of Christian education. All contributions to the Christian Education Fund will be permanently restricted. The Legacy Endowment Fund will distribute a set percentage of the June 30 balance in the Fund each year.

○ **Capital Building Fund**

This Fund will be used for capital building projects and unusual maintenance or repairs for the particular congregation. All contributions to the Capital Building Fund will be temporarily restricted. The Legacy Endowment Fund will distribute funds when requested by the Endowment Fund Committee for a qualifying expenditure.

○ **Ministries Fund**

This Fund will be used to support special ministry projects that increase the community impact of the church. Examples may include funding for music ministry, youth ministry projects, library acquisitions, Coffee Break, or other community outreach programs. The Legacy Endowment Fund will distribute a set percentage of June 30 balance in the Fund each year.

○ **Benevolence Fund**

This Fund will provide support for local or national disaster relief or other individual benevolence needs as approved by the church deacons. All contributions to the Benevolence Fund will be temporarily restricted. The Legacy Endowment Fund will distribute funds when requested by the Endowment Fund Committee for a qualifying expenditure.