

CCLC Mission Endowment Fund

WHAT IS THE CCLC MISSION ENDOWMENT FUND?

The name Mission Endowment Fund (MEF) emphasizes its purpose: to fund our mission ("**Touching Lives with the Love of God**") in our local communities and perhaps around the world above and beyond programs supported through regular offerings. Commonly understood as a "perpetual" fund, our Mission Endowment Fund supports current and future ministry of the church. Distributions from the endowment fund come from a distribution amount established by the CCLC Foundation leadership. Additional gifts and a sound distribution strategy help maintain endowments and it can produce a steady stream of income from which the congregation can strengthen mission and ministry for years to come.

We believe our MEF can attract current giving through cash, securities, bonds, trusts, estates, real estate, annuities, life insurance, IRAs and planned future gifts, as people are inspired to leave a legacy for ministry. Many ELCA congregations receive one or more large gift(s) that the donors intend as a lasting benefit to ministry. The opportunity for these gifts to enrich and support our ministry is great. Now with MEF, CCLC can joyfully and strategically encourage and respond to these large gifts.

CCLC's MEF has the flexibility to be created for general purposes, or for special uses, like outreach efforts like VEAP and Oasis-for-Youth, debt retirement, sponsoring youth programs, building maintenance, Christian education ministries and funding seminary scholarships.

Only a donor can designate a gift as permanently restricted for endowment purposes. It is important to ensure the donor's restrictions are met.

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Assets such as



CASH



SECURITIES



REAL ESTATE



OTHER GIFTS

Planned Gifts including



**GIFTS MADE
THROUGH
TRUSTS/ESTATEES**



**LIFE
INSURANCE
PROCEEDS**



**CHARITABLE
GIFT
ANNUITIES**



**BENEFICIARY
DESIGNATION
OF AN IRA**



CCLC's Mission Endowment Fund



**A permanent perpetual fund established to
receive gifts and generate income**



Distributions



INTEREST



DIVIDENDS



CAPITAL GAINS



**OTHER
INCOME**



CCLC Mission Projects and other ministry



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The Foundation has the following set of governance policies and procedures to establish and effectively operate CCLC's Mission Endowment Fund:

1. Endowment fund purpose
2. Marketing
3. Gift Types
4. Donor Recognition
5. Fund Management
6. Income Distribution process
7. Amendment process
8. Termination of a congregation's ministry.

1. ENDOWMENT FUND PURPOSE:

The purpose of CCLC's Mission Endowment Fund is to assist in funding our mission ("**Touching Lives with the Love of God**") in our local communities and perhaps around the world above and beyond programs supported through regular offerings.

Purpose statements enable individuals to envision the expansion of the ministry of Jesus Christ into the world. Many congregations experience renewal and revitalization through the development of endowment funds creating the ability to sustain and grow the ministry.

Income distributed can be used to support community stewardship opportunities like Oasis-for-Youth and VEAP, debt retirement, scholarships for youth camps and colleges, staff additions, or other specific ministries.

2. MARKETING:

The Foundation believes it is possible to successfully market the CCLC's Mission Endowment Fund through:

1. Development of an interpretive brochure suitable for inclusion in church bulletins or newsletters.
2. Using All Saint's Day, celebrated the first Sunday in November, to memorialize both the gift and the giver as well as to remember the deceased members of the congregation.
3. Providing an estate-planning seminar for members of the congregation on a biennial basis. Specific individuals or age groups may become the focus of the seminars. Planned topics are wills, estate and gift taxation, deferred giving through charitable trusts and charitable gift annuities, and other forms of charitable giving.
4. Developing articles for the church newsletter.
5. Encouraging those who include the church in their estate plans to offer personal

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testimony about the importance of faith and the church in their lives.

6. Using examples from other congregations, highlighting their positive experiences with endowment funds.

3. GIFT TYPES:

A gift to an endowment fund of a congregation is unique! Quite often it represents the largest single gift individuals make to the church. Endowment fund policies clearly state that all gifts by bequest, charitable trust or charitable annuity become the property of the CCLC Endowment Fund, unless the donor has provided other instructions with the gift. Gifts can come in a variety of forms including stock, bonds, real estate, cash and other items as specified on page 2. The policy is that all gifts will be converted to cash as soon as prudently possible. Gifts can either be donor-restricted gifts or donor-undesignated gifts.

3.a Donor-restricted Gifts:

Many donors will specify that using language like “endowment, held, or perpetuity” uses their gift for endowment. Other language referring to “income from the gift” can also make it clear that the donor intended the gift to be held as endowment. These and other “time restricted” gifts should be held in a separate account from the congregationally governed endowment. If the donor does not restrict the use of the income that these donor-restricted endowments generate, it is generally wise for the congregation to use that income in the same manner as determined in the congregation’s permanent fund policies. Some individuals designate specific causes to be funded with their gifts. These purpose restricted gifts should also be held separately from the congregationally governed endowment to ensure that the congregation honors their restrictions. There are times when CCLC may need to refuse an inappropriate gift. For example, some purpose-restricted gifts may require the spending of congregational funds before the gift can be used. Or the gifts may designate uses that are unpopular with CCLC, or are for concerns that no longer exist. The Foundation will review all incoming gifts and determine their disposition.

3.b Donor Undesignated:

The policy should clearly state that undesignated legacy gifts (including bequests, beneficiary designations, or annuity/trust residuals) become the property of the endowment fund which will be added to the governed permanent fund and manage the donor’s legacy into perpetuity, providing ministry for generations to come.

4. DONOR RECOGNITION:

The recognition of legacy-gift donors accomplishes the twin purposes of expressing gratitude and inviting others to give. To understand the unique provisions of each legacy gift, the

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Foundation will always request the exact language of each legacy gift. Executors may be family members or friends who have not had the experience necessary to understand the nuances of gift language. A bequest that says “10% of my residual estate to CCLC to be held and the income used in whatever manner decided by the congregation” may be erroneously communicated to the congregation as an unrestricted gift. (The language “held” and “income used” means that the donor has restricted this gift for endowment. This gift should be held and accounted for separately from congregationally governed permanent funds,

When receiving the great news of a gift to your congregation, the Foundation will always request a copy of the page or paragraph in the will or trust that creates the gift, and retain this important documentation in your congregation’s permanent files.

The Foundation will lift up and honor the faithful stewardship of legacy gifts! When CCLC receive legacy gifts, the Foundation will consider the appropriate means to express gratitude.

- Letters of appreciation will be sent from the senior minister and the Foundation President to appropriate family and friends of the decedent. This appreciation letters build significant bridges with the remaining family. Unless the endowment is donor restricted, the Foundation President’s letter will inform the family members how the CCLC will utilize the funds.
- The gift will be announced to CCLC through the congregation’s newsletter or other appropriate means. This announcement should express gratitude.
- An annual listing of gifts to the endowment fund will be published. All previously established funds also should be listed. Special attention highlighting newly established funds provides stimulus for new gifts and expresses gratitude for the gifts received.
- An installation of a permanent wall plaque of legacy gifts will be considered.
- Additionally, annually endowment givers will be lifted up at thanked on All Saint’s Day. This provides the church with a particularly effective theological context to remember these gifts and givers. The service could function as a way that renews the congregation’s covenant regarding funds given to the church’s endowment. Testamentary gifts to the church provide wonderful life-giving expressions of love for the church and God’s purposes. They are worthy of our praise!

5. FUND MANAGEMENT:

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) sets out the law governing the management of donor-restricted endowments and regulations generally include both the “duty to diversify” invested funds and the need to consider inflation in the investment

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of endowed funds. The Foundation will partner with a financial institution like bank trust departments; brokerage firms or other similar organizations to meet these legally required standards. Additionally the Foundations will adopt a philosophy of money management that meets the twin goals of providing a stream of dollars for ministry and protecting the value of the assets against inflation over time.

The Foundation will establish an MEF Investment team from CCLC members who have financial expertise and will be responsible at the congregational level for making investment decisions. This team will manage the funds and provide annual performance and distribution reports until such time the MEF reaches a size that is meaningful to be managed by a financial institution like ELCA Mission Investment Fund, Thrivent, JP Morgan or Merrill Lynch.

6. INCOME DISTRIBUTION:

Congregations make the crucial decision regarding the appropriate rate for annual income distributions. Funds invested in the equity markets will fluctuate dramatically in value from year to year!

The MEF Investment Team will evaluate the economic conditions every year and determine the level of spending which is appropriate. Generally, 3 to 5 percent of the total value of a MEF well-diversified portfolio will be spent on an annual basis. A disciplined spending rate helps to balance the dual objectives of endowment funds — money for ministry and inflation-protected growth — through market cycles that include spectacular growth and disappointing losses. Endowments are designed to provide a long-term, steady stream of income for ministry, and provide growth over time. CCLC will guard against increasing their endowment draw during years of robust earnings so that the steady stream of dollars can continue during “lean years.” Thoughtful, disciplined spending generates confidence in the congregation’s management of funds, follows the laws that govern the management of endowment funds, and encourages future gifts.

6.a Distributions from the non-designated endowment fund:

Providing funds for the ministries of the congregation remains the ultimate goal of building and managing a congregational endowment. Congregations frequently divide their annual spending from endowment funds proportionately among several causes. This predetermined apportionment allows for effective planning for future expenditures.

The current recommended distribution formula would be: 50% to outreach causes such as Oasis for Youth or VEAP; 25% to fund scholarships for the youth of the church to attend camp

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or conference; 20% to retire the capital debt of the congregation; and 5% to a local mission project. This formula needs to reflect the passions of our congregation's ministry. Occasions sometimes arise when the priorities of the congregation have changed. In those rare cases, the distribution percentages may be amended according to the procedure spelled out in the policy. The congregation must remember, however, that this section of the policy is a promise to donors about how their gifts will be used. Changes should only be made after careful thought and discussion. Procedures should inspire confidence in potential donors.

6.b Distributions from the Donor-restricted funds:

Once the congregation has accepted a donor-restricted gift, the Foundation will place accounting and administrative controls in place so that the donors' restrictions are forever honored. For gifts that allow the congregation to determine the use of income provided by restricted gifts, it is generally helpful to use the same distribution formula provided for by congregational policy governing unrestricted gifts. When using a common distribution formula, however, it is important to forever preserve the congregation's understanding of the legal requirements for both the spending and investment of these restricted gifts. Without segregated accounting practices in place, future policy changes or emergency spending that might be allowable for congregationally governed funds may inadvertently violate the restrictions accepted with restricted gifts.

7. AMENDING PROCEDURES:

The procedure to amend the spending of congregationally-governed endowment funds should be difficult but possible through a two-thirds vote of the congregation. Donor-restricted gifts, whether restricted for time, purpose, or both, can be amended with the permission of the donor. When the donor is deceased or otherwise unavailable to agree to changes in their gift, state law will govern the congregation's ability to amend the gift. As a general rule, permission from the state's attorney general is required to amend such gifts.

8. TERMINATION PROCEDURES:

If CCLC no longer exists, CCLC's Foundation recommends the funds remaining in the Endowment Fund be transferred to another church, which has an established endowment fund, and the governance processes on restricted gifts be followed as specific in CCLC endowment records. However, this would be put up for a two-thirds congregational vote to determine final disposition of funds.

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