

The Case For Zion's Endowments

The last two years have been extremely trying for our Business Manager and the Board of Director's. It is very difficult to financially manage our church and school when money is always in short supply. Fortunately God has given Zion three great blessings to help us cope with this recession. First, the congregation has continued to give generously while so many are suffering from unemployment, reduced hours and lower pay. Second, our Business Manager, Renee, has watched every penny so closely that even though we passed a budget with a \$100,000 deficit in 2010, Renee managed to pay all the bills and not borrow any additional money. Third, we are blessed with endowments from the Low Burrows family and the Clarence Buesing family.

One thing we have learned from the recession is that we must be better prepared for economic downturns in the future. We need to have foresight like the Burrow's and Buesing families. We need to build up our endowments in order to provide for future needs and have a safety net for future problems.

There is a lot of talk about endowments because they are critical to the long-term survival of both churches and charities. There are many reasons for the need of endowments.

1. Donations are down or at best even.
2. Investment returns are down.
3. The stock market is unstable.
4. Interest returns are low.
5. Taxes, child care, food, health care, transportation, and education are all more expensive.

All of these things give the congregation member less disposable income to spend which includes contributions to the church. One effective way to provide stability to our budget is through a resource (Endowment) that can supply revenue in years when donations are down and or needs increase.

Questions about Endowments

Do we really need endowments at Zion? Our own history tells us yes. It wasn't long ago that the church offerings paid for all the church and school expenses. Eventually we couldn't meet the budget and instituted tuition. Now tuition is paying 45% of the cost of educating a student. The congregation offerings are supporting the other 55%. A motion was adopted when tuition was instituted that tuition could not exceed 45% the cost of education. As of 2011 tuition is maxed out, offerings are stagnant, and soon we will need a third source of funding.

What kind of Endowments are we talking about? For Zion's purposes we are talking about a True Endowment. In a True Endowment the donor directs principal that will be permanently set aside and invested to generate income. The donor can direct how the principal will be invested and how the income will be spent for either broad or specific purposes. When the donor limits the use of endowment funds, the endowment gift is considered restricted. When the donor leaves investment and spending of the income to the church, the endowment gift is unrestricted.

How can I give to Zion Endowments? First, you need to plan any gift with the advice of your attorney or financial planner. You are planning for both your future and the future of Zion. The campaign for Zion Endowments beginning with this article is called a deferred campaign. Deferred gift endowment campaigns proceed at the pace common for most planned giving programs- gifts are solicited today but do not begin to produce regular revenue for seven to ten years. The majority of gifts consist of bequests, insurance beneficiary designations, insurance policies, charitable remainder trusts, and charitable gift annuities.

What are the goals of Zion's Endowments? Zion's Endowment goals are simple and based on the financial stability of the Church. When the Church is well funded the Endowment revenue will fund new ministries or existing ministries that are not funded adequately. In years of instability the Endowment revenue can be used as a safety net to meet daily financial obligations.

Who will decide how the Endowment revenue will be spent? The Endowment revenue will be managed the same way all church revenue is managed. The Board of Director's, Pastors, and the Business Manager will make recommendations where the revenue would best be utilized. The ultimate decision lies with the congregation. The exception would be if the donor has restricted the income revenue.

Major Endowment Concerns: Myths and Realities

Endowment Myths

The church will appear too rich.

Endowment Realities

The church must position the Endowment as a resource for the future and relect the fiscal responsibility of the Board of Directors.

Endowment Myths

Restricted gifts are too hard to manage.

Raising funds for endowed purposes will diminish funds for annual gifts and special needs.

Planned giving requires a lot of work for focus on a narrow segment of the donor base; it is not worth the effort.

Endowment Realities

Donors like to know how the funds will be spent and often restrict the spending purposes. The Church should work with the donor to make the gifts as flexible as possible for term use.

The Church must position annual giving and Endowment building as two separate opportunities. An endowment is a way to ensure the Church will receive an annual gift after the donor is gone.

This is a matter of perspective and the goal of the Endowment. First, planned gift donors range in age from 30 to 90. Second, planned gifts range from \$1,000 to \$1,000,000. Third, donors with the potential to make planned gifts are ongoing contributors to the Church at any dollar level.

I have been working with and observing the people of Zion for thirty years now. It is truly amazing how hard you work in service, giving, and worship. You do all this for one single-minded goal, to build the Body of Christ. Your dedication to continue the ministry of Jesus Christ is so great that sometimes I see and feel the Holy Spirit working in you. Entire lifetimes are being spent in fulfilling the Great Commission in Matthew 28: 19-20. However, one thing we tend to overlook is that our devotion to the Lord need not end when the Lord calls us home. A gift to Zion's Endowments can provide a lasting legacy of faith, and ensure long-term quality ministries at Zion forever. There is no greater gift than the gift of faith.

Terry Ettner
President