

ENDOWMENTS IN SUPPORT OF MINISTRY

Before any discussions of the mechanics of the endowment are had, there should be agreement on and a clear expression of the goals and objectives of the endowment. Some items for discussion:

- ❖ What is the goal of your endowment? To fund ministry now or to build funds for a later time when other needs may arise?
- ❖ Do you feel that the present needs of ministry are being met, or does the endowment need to provide additional support?
- ❖ Is the current state of the ministries to be supported by the endowment such that their very existence is in question in the next 10 years?
- ❖ If significant support is not forthcoming from the endowment now, will these ministries be in a vibrant condition that enables them to effectively use additional support at a later time?
- ❖ Will the ministries make greater strides with a larger investment now?
- ❖ What is the likelihood that there will be additional funding for the endowment?
- ❖ What is the acceptable level of risk for investment of the funds?
- ❖ Be sure that there are no conflicts of interest, no private benefit to donors, decide if loans are appropriate
- ❖ What type of gift acceptance rules and procedures will be put in place?
- ❖ What type of approval of income expenditures is necessary? Approval of principal expenditures?

Type of Fund	Perpetual	Flexible	Spend Down Model
<i>Description of Fund</i>	Income only available for support of ministry, principal is unavailable	Both principal and income are available for support of ministry as designated in the initial agreement with amendment options	All principal and interest planned to be spent over a specified period of time
<i>Duration of Fund</i>	Until Rapture	Possible to last until rapture, depending on performance of investments	Predetermined length of time, e.g. 10, 15, or 20 years
10 year comparison	5% income payment	10% income payment	
<i>Total estimated funds available to support ministry (\$500,000 endowment) assuming an 8% return</i>	\$286,597 Year 1-\$25,000 Year 10-\$32,619	\$457,318 Year 1-\$50,000 Year 10-\$41,687	\$500,000 Year 1-\$50,000 Year 10-\$50,000
<i>Remaining Principal</i>	\$652,000	\$416,000	\$0
<i>Present Value of Remainder @ 3% inflation rate</i>	\$485,149	\$309,453	
20 year comparison	5% income payment	10% income payment	
<i>Estimated funds available to support ministry (\$500,000 endowment) assuming an 8% return</i>	\$671,759 Year 1-\$25,000 Year 20-\$43,838	\$830,980 Year 1-\$50,000 Year 20-\$34,062	\$0
<i>Remaining Principal</i>	\$876,753	\$340,616	\$0
<i>Present Value of Remainder @ 3% inflation rate</i>	\$485,437	\$188,591	\$0