Is an Endowment Right for your Church?

Endowment funds and planned giving programs are ways for a church to make commitments and plans for its future. They need to be understood in the context of a church's overall stewardship for the financial support of its mission. This overall plan has several components, including:

- Annual budget campaign.
- Periodic capital campaign.
- Designated giving.
- Endowment and ongoing planned giving program.

A church's understanding of its mission is essential to the creation and ongoing support of an endowment fund. This clear understanding of mission is owned by clergy and lay leadership alike, as well as the members of the church.

Step 1: Identify the need for an endowment

Many churches rely on annual pledge drives to fund their programs, without giving much thought to longer term financial needs. An endowment fund can help ensure that your church's mission is carried into the future. To determine whether an endowment is right for your church, start by introducing the concept at a church council meeting.

At the same meeting, the church council should:

- Review the mission statement of the church.
- Identify ways the mission is being accomplished.
- Review the financial strategies in place that will allow your church to continue accomplishing its mission. If the council finds its current financial strategies are inadequate, an endowment should be considered.

Step 2: Learn what an endowment is and what it can do

An endowment is a fund set up by a church to receive gifts and bequests from multiple donors and is intended to be maintained on a long-term basis, providing support of the church's mission into the future.

A church can set up an endowment in one of four ways:

- It may establish, invest and manage its own fund.
- It may establish its own fund through a church body foundation or hire an independent fund manager.
- It may establish its own public foundation, separate from the church itself.

Step 3: Identify the needs and causes that will be supported by the endowment

Distributions from an endowment fund should be used in ways that are consistent with the church's mission and vision. In addition, churches should consciously and proactively identify separate goals for annual pledge drives, capital campaigns and the endowment fund. Examples of endowment fund uses include:

- Mission and outreach.
- Enhance the religious education program.
- Support local, regional, national and international mission programs.
- Support youth programs in the community.

Step 4: Establish the endowment fund

Before the fund is established, the church will want to select an endowment committee to oversee the fund and prepare a fund agreement. To do this, the church should take action to:

- Approve the establishment of an endowment.
- Authorize the election of an endowment committee.
- Approve a transfer of start-up funds to the endowment.
- State the guidelines for distributions from the endowment.
- Authorize the church to execute the endowment fund agreement.
- Authorize the endowment committee to approve future fund transfers.
- Authorize the church council to adopt the bylaws for governance of the endowment committee.

Identifying the Need for an Endowment

Step 1: Describe the mission and vision of your church.

_____

_____

_____

Step 2: List ways your church's mission/vision is put into action. (Examples might include: mission programs, evangelism, outreach, worship, youth development, education or building activities.)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Step 3: For each of the above programs, think about the means your church has in place to ensure that resources are available to carry them out in both the short and long term. Match the program with the means in the chart below.

- ***Short-term*** means might include a stewardship drive, library fund, building addition fund, food-shelf contributions, etc.
- ***Long-term*** means might include a foundation, designated accounts, etc.

Program	Short Term	Long Term

Many churches find that although they have several means in place to ensure the short-term support of their programs, they do not have anything in place to support their mission in the long term. An endowment fund can help.

You've decided that it is the right time to start an endowment. See the

- ***EFD Planned Giving Toolkit*** for next steps, and the

- ***Sample Endowment Guidelines and Policies*** for what a typical church's bylaws might look like after they have been amended to establish an endowment fund. Your church may wish to customize this language to suit your specific needs.

MISSION

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The Episcopal Foundation of Dallas

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