



Congregational Planned Giving Program

*Excel in this grace of giving . . . For you know the grace of our Lord Jesus Christ.
(2 Corinthians 8:7,9)*



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Introduction

The Lord—who has revealed himself in the Bible as Father, Son, and Holy Spirit—is the planned Giver. From eternity he planned the creation of this world, the gift of your life, and—most importantly—the gift of his Son, Jesus the Christ, by whose perfect life and sacrificial death all sinners have been declared “not guilty.” From eternity he also planned that you would hear the good news of Christ, trust Jesus for forgiveness of sins and eternal life, and—by the Spirit’s power—live for him now and forever. How loving, intentional, and beneficial God’s planned giving has been!

One of the ways we thankfully respond to God’s grace is planning our offerings to the Lord in a loving, intentional, and beneficial way. Our regular offering at worship is not the only opportunity we have for giving to the Lord. We honor the Lord when planning for the transition of our accumulated wealth (our “estate”) at life’s end. There are also a variety of other opportunities that enable us to support the Lord’s work now (while at the same time receiving tax benefits). The Bible encourages planned giving—intentional, cheerful management of our blessings to care for family and to return a portion of our possessions to our Creator and Savior God.

There is much room for growth in planned giving. Only three out of ten Americans have developed an orderly plan for the transfer of their estates. Of these, only one out of the three has remembered a charity in their plans. People of faith, for whom giving is an act of grateful stewardship, will want to remember the Lord’s work in their giving plans, but need to know the options available to them.

The purpose of a congregational planned giving program is to promote planned giving in the congregation—to educate, encourage, enlist, and excite members about opportunities to offer planned gifts to support the Lord’s work in their congregation, synod, and WELS-affiliated ministries:

- 1. Educating** means sharing through all available means of communication the mission and vision of the congregation and how members can support it.
- 2. Encouraging** means providing ongoing communication, events, and programs to assist each member with realizing his/her Christian giving goals.
- 3. Enlisting** means asking individuals to participate in helping support the mission of the congregation and other ministries they love through current and deferred gifts.
- 4. Exciting** means celebrating the “gift of giving” and the impact of our planned gifts within and beyond the congregation.

The purpose of this manual is (Part I) to help your congregation jump-start a program to promote planned giving opportunities to members. Part II shares an easy way to start a congregational endowment fund through WELS Foundation. Part III tells how to set up a congregational planned giving committee to provide further manpower for carrying out this work. Part IV discusses how to establish and administer an endowment fund. Finally, Part V highlights WELS organizations that can help you with any of these steps.

You can find the resources referenced in this manual, including modifiable versions of the bylaws, gift agreement, and gift acceptance policy, at wels.net/plannedgivingprogram.

May God bless your use of this resource for the benefit of the people you serve as they praise Jesus with offerings that help to spread his Word throughout the world!

Through Jesus, therefore, let us continually offer to God a sacrifice of praise—the fruit of lips that openly profess his name. Hebrews 13:15

I. Quick Start to a Congregational Planned Giving Program

Scriptural Basis for Giving

Before educating and encouraging any type of giving in your congregation there must first be a solid scriptural basis that compels sincere enthusiasm. Visit the Ministry of Christian Giving (MCG) resource center at mcg.welsrc.net for programs and resources that teach God-pleasing stewardship of his gifts. These resources include stewardship programs and “Stewardship by the Lectionary” devotions (found in the Stewardship Toolbox).

Here is a summary of basic scriptural truths that encourage us to be joyful and generous stewards:

1. God owns everyone and everything.

The earth is the LORD's, and everything in it, the world, and all who live in it.

Psalm 24:1

2. By grace God supplies all our needs.

*My God will meet all your needs according to the riches of his glory in Christ Jesus. **Philippians 4:19***

3. God prompts our thankful response.

*Whatever you do, whether in word or deed, do it all in the name of the Lord Jesus, giving thanks to God the Father through him. **Colossians 3:17***

4. God graciously tasks us with managing his blessings.

*[The kingdom of heaven] will be like a man going on a journey, who called his servants and entrusted his wealth to them. **Matthew 25:14***

5. God encourages us to joyfully give our offerings out of love for Christ.

*For you know the grace of our Lord Jesus Christ . . . Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. **2 Corinthians 8:9; 9:7***

Quick Start to Promoting Planned Giving

A congregation can increase member awareness of planned giving opportunities by designating a person to share WELS resources through the following steps:

1. Go to wels.net/plannedgivingprogram to access the following WELS planned giving resources.

- Review these planned giving publications (also available for free at nph.net):
 - *Different Ways to Make Planned Gifts* provides an overview of the ways to make a current or deferred gift to the Lord's work.
 - *Estate Planning for the Christian Steward* is a guide to setting up a Christian estate plan.
- Subscribe to the WELS Foundation e-newsletter (wels.net/foundation-newsletter). This newsletter is sent each spring, fall, and winter, and provides information about different planned gifts that you can share with fellow members at your church (for example, cut and paste articles into print and digital communications including websites, bulletins, and newsletters).
- Review and use articles from the *Grace of Giving* planned giving newsletter (wels.net/newsletters).
- Download "Stewardship by the Lectionary" devotionals from the Stewardship Toolbox (mcg.welsrc.net). These correspond to the Scripture readings used in weekly worship.
- Look through WELS Foundation's website, wels.net/foundation, which has plenty of helpful information about planned giving, including a gift guide for personalized planned giving illustrations. Congregations looking to incorporate planned giving information at their websites can contact WELS Foundation for "embed code." This coding creates a graphic on the web page highlighting and linking to helpful resources offered through WELS Foundation.
- Utilize your congregation's local Christian giving counselors (wels.net/givingcounselors). Christian giving counselors are called workers who apply Scriptural principles to the gift planning process. Since their services are funded by our church body, there is no cost to you or the congregation. Counselors (one focused on current gifts and the other on deferred gifts) are available for group presentations or one-on-one appointments. Consider inviting a counselor on a regular basis to present on different topics. Once members become interested in opportunities through the congregation's educational efforts, they can work with the Christian giving counselors to complete their plans.

Let us encourage each other, and all the more as you see the Day approaching. Hebrews 10:25 (EHV)

2. Consider all available communication tools in your congregation for sharing planned giving information and encouragement.

- Print pieces: information sheets, brochures, annual report (you might enlist the help of a communications expert to guide you in the production of professional-looking print pieces)
- Bulletins: promotional blurbs, inserts
- Newsletters: printed and/or e-mailed
- Mailings (possibly an update with the offerings statement)
- Phone calls, text messages
- Personal visits
- Internet: website, social media (link to wels.net/foundation)
- Digital displays in church before and after the service
- Bulletin board
- Announcements
- Promotional items:
 - Pens
 - Bookmarks
 - Magnets
- Special events:
 - Seminars on special topics
 - Adult education classes
 - A special “Stewardship Sunday”
 - Annual thank-you event for donors

3. Consider a one-year strategy that incorporates the communication tools listed above.

- Reserve space in regular communications to share information. Utilize the planned giving articles provided through WELS Foundation and Ministry of Christian Giving.
- Have regular seminars and other events to emphasize planned giving.
- Map out an annual communication strategy. Here is one example:

One-Year Strategy for Promoting Planned Giving in Your Church

- January** Send an e-mail or letter to members suggesting they write or update their wills. If possible, send this over the signature of someone who has already done so. Include information about gifting options. Make sure to provide contact information for those who might want additional information. Display printed information in a visible location at the church. Promote on social media.
- February** Publish an article in your church newsletter telling the story of an individual or couple who has made estate plans that include your church.
- March** Publish a newsletter article outlining information about your congregation's endowment fund (if applicable). Contact a WELS Christian giving counselor to schedule a seminar on any of the following topics: WELS ministry, estate planning, planned giving, or endowments.
- April** Use the April tax filing deadline as an opportunity to share information about how charitable giving can help offset certain taxes. For example, giving appreciated assets (rather than selling them and donating the proceeds) avoids capital gains taxes so that the church receives the full value of the gift. In addition, for those who itemize, this gift increases the charitable deduction. Or consider a donor-advised fund (DAF). If you do not have enough deductible expenses to exceed the standard deduction, you can give enough to a DAF to itemize in certain years and then recommend grant distributions over time to your church or other WELS ministry.
- May** If applicable, do an after-worship testimony from someone who has benefited from endowment gifts (such as a scholarship recipient). Also, host a social event for those who have already included the church in their estate plans or are considering doing so.
- June** If you have identified them, talk with people who are interested in remembering your congregation in their wills. Help them with their estate planning needs or put them in touch with your WELS Christian giving counselor or other professional advisors who can assist them.
- July** Encourage people to consider including the Lord's work as a beneficiary to their IRA and other retirement plans, life insurance, annuities, etc. Also, mention the benefits of the IRA qualified charitable distribution for those age 70.5+ (see November).
- August** Since distributions from endowment funds are typically made this time of year, report on the amount of the funding and how it will be used.

- September** Work together with the stewardship campaign team to piggyback planned giving information with the annual campaign promotional materials. Share how appreciated assets or a qualified charitable distribution may be used to fulfill one's annual giving plan. For someone who can't make a substantial annual gift but would like to give more, an estate gift may be the answer.
- October** Highlight giving through a charitable gift annuity since this is when WELS Foundation does a wider promotion across the synod each year. Also emphasize year-end tax planning ideas (e.g., the donor-advised fund) in communications.
- November** Promote the IRA charitable distribution opportunity for those 70.5 or older. Charitable distributions from an IRA are free from federal and potentially state income tax. These members could be encouraged to consider directing IRA distributions to church to save on taxes, then using the cash they would have given for other needs.
- December** Plan next year's calendar. In your annual planning consider special topic seminars or interest groups. For example, an excellent focus may be on women or seniors.

4. Follow your congregation's gift administration policies.

Remember to treat every donor with gratitude and respect. This means:

- The congregation promptly and graciously thanks every donor and provides them with an appropriate acknowledgment or regular statements of gifts (any acknowledgment should list gift amount and state that "no goods or services were provided in exchange for these contributions").
- Information about every donor is kept confidential unless the donor has given explicit permission for his/her story to be told.

If your congregation does not have a gift acceptance policy, consider establishing one. A gift acceptance policy states what gifts the congregation will and will not accept, what reviews may be required, and who has the authority to make a final decision. A sample policy can be found in Exhibit C at the end of Part IV of this manual.

It is God who works in you to will and to act in order to fulfill his good purpose. **Philippians 2:13**

5. Provide assistance with gifts.

God-willing, as your effort to communicate planned giving opportunities gets off the ground you will start to hear from members who want to make planned gifts to your congregation. It is likely most of them will need assistance. A simple way to handle this is to put them in touch with your congregation's WELS Christian giving counselors. If you are not familiar with the counselors assigned to your congregation, visit wels.net/givingcounselors or call WELS Ministry of Christian Giving at 414-256-3209/800-827-5482 (see Part V of this manual for more information about the assistance that WELS provides to congregations).

6. Celebrate gifts!

Some of the best publicity for planned giving is actual gifts! Share when gifts are received (with the donor's permission or anonymously) or endowment distributions made—how much is going to help which ministries. Share joyful testimonials of members who have made gifts. Hold and share coverage of a “thank you” event for those remembering your congregation in their estate plans or with planned gifts. Mention in an after-service announcement the ministry goals that could be achieved through a certain amount of gifts (this may tie in particularly well to certain church year seasons emphasizing God's gracious blessings that motivate our generous response, e.g., End Times).

This service that you perform is not only supplying the needs of the Lord's people but is also overflowing in many expressions of thanks to God. 2 Corinthians 9:12



II. Quick Start to a Congregational Endowment Fund through WELS Foundation

Why an Endowment?

An endowment is a donor-restricted gift that is not spent immediately but is invested and periodically (usually annually) distributes funds to provide a source of ongoing, predictable financial support for local, regional, and/or synodical ministry.

The establishment of an endowment fund also provides the following benefits:

- An endowment fund provides members with the opportunity to leave significant financial gifts to their home congregation, generally after they have gone to heaven, without the funds significantly distorting the congregation's annual budget.
- A congregational endowment fund provides a framework for receiving cash gifts, appreciated property (stocks or real estate), and other planned gifts, such as through a will, trust, beneficiary designation on a retirement account, or insurance proceeds.
- It is an ongoing reminder for members that estate plans (wills, etc.) are part of Christian stewardship.
- An individual can use an endowment to continue his or her offerings to a ministry even after being taken to heaven.
- An endowment provides additional funding for current operations as well as money for future and expanded efforts.

You know the grace of our Lord Jesus Christ, that though he was rich, yet for your sakes he became poor, so that you through his poverty might become rich. 2 Corinthians 8:9

Setting a Clear Purpose for the Fund

It is very important to have a clear purpose for your congregation's endowment fund because

- it will help God's people easily understand and participate in the work supported by the fund,
- it will allow you to more easily honor a donor's intent, and
- it will help you to answer questions regarding distributions from the fund.

Be careful not to make the purpose of the endowment too narrow. Fewer restrictions give congregational leaders flexibility when making ministry plan decisions. (Visit wels.net/endowments or request the brochure "Giving through an Endowment Fund" from WELS Ministry of Christian Giving for descriptions of the purposes of WELS' endowment funds.)

Examples of How Churches Are Using Endowments

1. Eric and Sara established their family endowment through WELS Foundation so that their congregation could assist its school with tuition and books for students. The couple strongly supports Christian education at all levels, but especially desires to help as many children as possible to learn about their Savior through their congregation's Lutheran elementary school. Eric and Sara looked to WELS Foundation to provide ongoing professional, Christian management of their gift. In addition, the foundation helped Eric and Sara create the endowment in a way that allowed others to give to the fund to support the school.
2. Over the years Jim and Mary made special donations to fund projects that were not included in the budget of their congregation. These gifts, made above and beyond their regular Sunday offerings, provided instruments for the bell choir, equipment and furnishings for the congregation's new preschool, etc. When the Lord called Jim home to heaven, Mary received his life insurance settlement. In visiting with her WELS Christian giving counselor, Mary learned about the opportunity to set up an endowment that would benefit their congregation. Through the Jim and Mary Berg Endowment Fund, their congregation receives a financial distribution year after year for special projects, continuing for perpetuity Jim and Mary's special gifts.

You will be enriched in every way so that you can be generous on every occasion. 2 Corinthians 9:11

Addressing Concerns about Endowments

Some people have reservations about endowment funds. These may be due to misunderstandings about how endowments work or past experiences with mismanaged endowments. To address these concerns, here are some answers to commonly asked questions about endowments.

What if the Lord returns and all this money is still sitting out there? Haven't we wasted our "talents"?

Gifts that are prompted by the Holy Spirit, made by faith in Christ and for the Lord's work, are not wasted but are God-pleasing. The money held in an endowment is at work providing annual distributions to ministry. Thus, endowments benefit ministry by providing another predictable source of financial support.

What if endowment funds are incorrectly spent?

We trust that would not happen because, when a congregation chooses to accept a restricted gift from a donor, it has an obligation, both legally and morally, to honor the gift restrictions. This is why it is important to do careful recordkeeping. Incorrect withdrawals should be restored. If not, donors would be reluctant to make gifts to an endowment fund that is not administered properly.

Will this detract from current giving?

Typically gifts to endowments come from accumulated assets or estate distributions. Some donors plan to replace their offerings to ministry through an endowment. Another reason people choose to give to endowments is so that large gifts do not significantly distort the congregation's annual budget.

A Congregational Endowment Fund through WELS Foundation

A donor or a group of donors can establish a congregational endowment through WELS Foundation. WELS Foundation provides the necessary reporting and administration, freeing the congregation from many of the administrative burdens of managing an endowment fund. Investment allocations and distribution calculations are based on policies that also apply to the WELS endowment funds. A minimum of \$25,000 is needed to start a congregational endowment fund. Once established, additional gifts may be added at any time. Distributions are generally made to the congregation in late July.

A congregational endowment fund can be established to benefit local opportunities, such as general ministry, evangelism, Christian education, and property maintenance. It can also benefit

synod efforts like missions, ministerial education, and congregational support. A local WELS Christian giving counselor can assist the congregation with setting up the endowment and promoting current and estate gifts to the fund.

See the end of this section for a sample endowment fund application through WELS Foundation.

Strategy for Promoting the Congregational Endowment Fund

It is important to educate the congregation about the endowment fund. Following are some ideas for how to do this. (Consider using a planned giving committee to help implement this kind of strategy—see Part III.)

- Set a date to hold a kick-off Sunday. Each Sunday of this month the bulletin should include a line stating, “It’s coming! The date for the kick-off to the endowment fund is [date]. Please mark your calendar and plan to attend.” Also promote on social media. On the kick-off Sunday have a WELS Christian giving counselor preach and/or lead the adult Bible class. Hold a luncheon or potluck highlighting estate planning.
- Include in the church’s newsletter an article on planned giving and ways to make a charitable gift.
- One Sunday have a bulletin insert with information on the endowment fund. Include a response piece that says, “Please send me information on how I can make a gift.” (Some congregations prefer that members send their response to the church’s Christian giving counselor so that the consultation is kept confidential.)
- Arrange for an after-worship testimonial by someone who has made a planned gift to the congregation or other WELS ministry.
- Include an article in the church’s newsletter on the purpose of the endowment fund and what will be accomplished because of people’s generosity. Include a statement of how a person can include the church in their will.
- Have a forum with a panel to share information and answer questions on charitable giving. Include on the panel: an attorney, a financial planner or CPA, and your WELS Christian giving counselor.
- Hold an afternoon and/or evening mid-week Christian estate planning seminar. Your WELS Christian giving counselor is available to lead this. In your newsletter this month, explain how a charitable gift annuity works.

- Produce a handout or brochure about your endowment (contact your local WELS Christian giving counselor for samples of what other ministries have produced). Distribute the piece to every household in the congregation. The following are listed in order of the most effective ways to accomplish this:
 - Organize groups and have people personally deliver these.
 - Phone the members and tell them to watch for the piece in the mail.
 - Mail the piece with a personal, hand-written note offering to answer questions.
- Each Sunday of a particular month, have a brief after-service talk on planned giving (a personal testimony is best) or read a story on what a planned gift has done to further the gospel message.
- Include on your annual stewardship pledge or commitment cards an opportunity to make a planned gift commitment.
- Include in the church newsletter an article on what the endowment distributions have accomplished over the past 12 months.
- Other thoughts for newsletter articles:
 - Gifts received
 - Distributions made
 - Ideas of how to give to the endowment fund
 - Dream distributions: what the congregation could do with these

Celebrating Gifts and Distributions

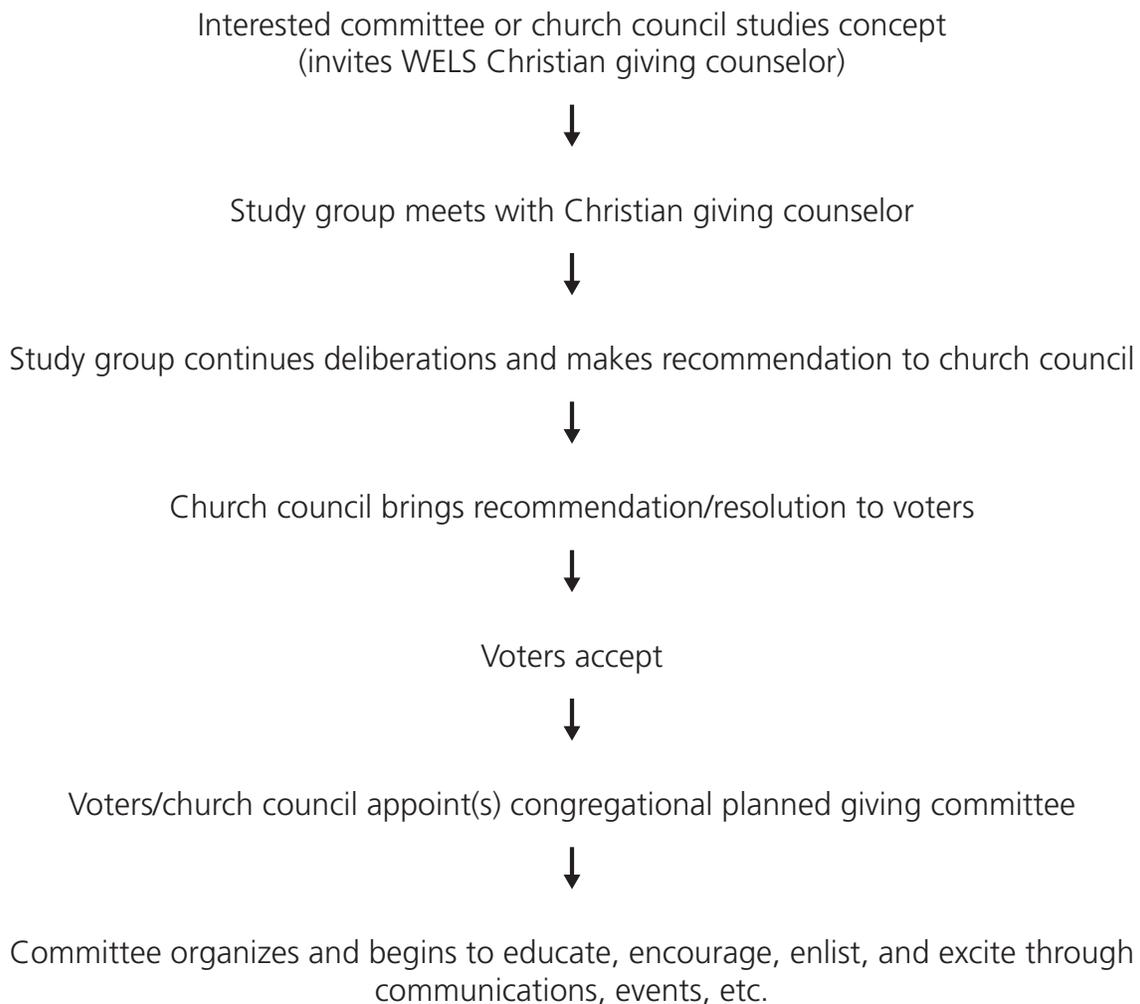
Don't forget to celebrate every gift that is received (with the donor's permission or anonymously) as well as distributions from the endowment fund. Connect gifts and distributions to the endowment's history and purpose. This can inspire others to make a planned gift. (See Part I, #6 under "Quick Start to a Congregational Planned Giving Program" for suggestions.)

Rejoice in the Lord always. I will say it again: Rejoice! **Philippians 4:4**

III. Setting Up a Congregational Planned Giving Committee

The main purpose of a planned giving committee is to communicate to the congregation the opportunity to make planned gifts to the Lord. See Part I for the communication plan. Besides sharing information and encouraging planned giving, the committee can serve as the initial contact for members interested in tax-wise giving to the congregation, synod, and WELS-affiliated ministries. The committee can also work to set up and provide the administration for an endowment fund (see Part IV or, for the "Quick Start," see Part II).

Flow Chart for Setting Up a Committee



Building the Committee

- ✓ The first qualification is that committee members be faithful church members who have demonstrated strong Christian faith. They should understand the Great Commission that God has given to his church. They are generous stewards themselves and advocates of faithful stewardship.
- ✓ Consider what skills, capabilities, and interests should be present on your planned giving committee. Each person should . . .
 - be committed to the purposes of the planned giving program.
 - be willing to work, both at meetings and in between.

Within the group, one or more persons could, depending on your needs . . .

- have verbal and written communication skills.
- have leadership skills.
- pay attention to details.
- have a background in accounting.
- relate well to one or more of the constituencies in the congregation.

What are the constituencies within the congregation that should be represented?

- Women and men
 - Age groups
 - Geographic areas
 - Interest areas
 - Income groups
 - Others—how does your congregation break out into groups?
- ✓ Regarding the size of the committee and term length for members, follow the typical standards of your congregation.

Special Issues

1. Should the church council also be the planned giving committee?

This is a matter of judgment and may vary by congregation, but the consensus seems to be that there should be a clear separation between the planned giving committee and the leadership of the congregation so that there isn't an apparent conflict of interest with those who help gather gifts also deciding how the money should be spent.

So, how does the church council stay in touch with the planned giving committee's work? Again, this is a matter of judgment that can be determined by the congregation. Here are some possibilities:

- One member in common (e.g., the treasurer)
- The planned giving committee minutes are regularly distributed to the council
- The planned giving committee makes a special in-person report to the council twice a year

Some congregations delegate these planned giving committee duties to the stewardship board or one of its committees.

2. Be careful about potential conflicts of interest.

While certain financial and legal experts can bring valuable information and advice to the committee, keep in mind their presence could also create an uncomfortable situation should the committee need to hire a financial or legal expert. Plan accordingly as you select committee members. One option might be to seek committee members who are retired experts in these areas.

The wisdom of the prudent is to give thought to their ways.

Proverbs 14:8

Administrative Tips

The planned giving committee may want to work with the church council to set up a special gifts committee (SGC). The purpose of the SGC is to advise the church council, the pastor(s), commissions, and committees regarding the acceptance of gifts that are offered with conditions, and gifts of property other than cash or negotiable securities. The SGC could be a committee of the church council. The members of the SGC might include the chairperson of the congregational planned giving committee, one other member of the planned giving committee chosen by the committee, the president and/or the treasurer of the congregation, and the administrative pastor. The SGC chairperson would be chosen by the SGC from its membership from time to time. The SGC would meet as needed at the call of the SGC chairperson to consider proposed gifts and related matters. (The special gifts committee could also be a sub-committee or task force if preferred.)

Alternatively, the congregation may want to consider assigning a financial secretary or utilizing another financial officer in the congregation to carry out these duties in place of a special gifts committee.

See Exhibit C at the end of Part IV of this manual for a sample gift acceptance policy. A modifiable version is available at wels.net/plannedgivingprogram.

We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of man. 2 Corinthians 8:20,21



Asking for Gifts

Once policies and a communication plan are in place, you can invite God's people to consider planned gifts for the Lord's work. Here are some steps for doing that:

Identify: Make a list of prospective donors based on the frequency of their gifts, their longevity in supporting your congregation, and their age (start with those 70+).

Prepare: Speak with your pastor. Educate yourself about the principles of Christian stewardship. Assign yourself a small number of donors to visit within a specific time period.

Call: Sit down and call your potential donors to set up appointments within the next two weeks.

Visit: Outside the donor's door, clear your mind of distractions. Pray for God's help in presenting your case clearly.

Ask: Chat for a short time, then explain why you have come and what planned giving will hopefully accomplish. Ask . . .

- "What aspects of our church's ministry do you appreciate and enjoy supporting?"
- "Would you consider a planned gift to our church's ministry?"
- "Have you thought about the various ways to make a planned gift?"
- "Would you like the assistance of a WELS Christian giving counselor to help you in carrying out your plans?"

Make members aware that, while all gifts are kept private, they can choose to remain anonymous.

Follow up: Give the prospective donors some materials to look over. This could include promotional pieces about your church's ministry, a copy of *Different Ways to Make Planned Gifts*, contact information for your area's Christian giving counselor, etc. Mention that you will call again in two weeks—then do it.

IV. Administering a Congregational Endowment Fund

The congregational planned giving committee can also administer a congregational endowment fund. (Many congregations prefer to utilize WELS Foundation's endowment services. See Part II, "Quick Start to a Congregational Endowment.") If a congregation would prefer to administer their own endowment fund, this section will provide guidance.

Setting a Clear Purpose for the Fund

See Part II for background information about endowment funds as well as items to consider before establishing a fund that can be a blessing for your congregation's ministry for years to come.

Two Common Types of Endowments

A **true endowment** is established by a donor(s) or an entity subject to the terms of a written gift instrument, which establishes the purposes for which distributions can be used, generally speaking, as long as practical or until the Lord returns. For accounting purposes, these gifts are classified as permanently restricted assets. Unless the amount is small (generally, total value of less than \$25,000, but please see your state's regulations) and the fund has been in existence for more than 20 years, these restrictions can only be modified by the donor or a court action.

A **quasi-endowment** is established by voters (the governing body) imposing use designations on unrestricted assets. These restrictions may be modified by the governing body.

Keep in mind the following practices regarding endowments:

1. Be sure that both the organization and the donor(s) have a clear understanding of the differences between a true endowment and a quasi-endowment. A quasi-endowment may be spent down by governing body action. This is not the case with a true endowment.
2. Be sure your gift instruments (agreements), literature, and other communications regarding endowments are complete, unambiguous, and in accord with your state's regulations governing endowments.
3. Be sure to keep good accounting and documentation of gifts to endowment funds as far as which gifts are unrestricted (quasi-endowment) and which are permanently or temporarily restricted (true endowment).

To facilitate proper record keeping and to honor donor intent, it is recommended that the accounting and investing of true endowment funds and quasi-endowment funds be done separately.

Establishing the Endowment Fund

Exhibit A at the end of this section includes templates for establishing an endowment fund through congregational bylaws or a gift agreement. Modifiable versions are available at wels.net/plannedgivingprogram. Endowment funds are subject to state law and must follow specific accounting rules. The templates provided are for your review, but no endowment fund should be established without legal advice.

Endowment Administration

Endowment funds are a matter of state law. This section is not intended to provide legal, accounting, or financial advice but instead offers some general information regarding endowment administration. The italicized information below is taken from the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which has been substantially adopted in nearly all states. UPMIFA contains other requirements not included in this brief overview. You are encouraged to consult your local attorney regarding the legal matters affecting an endowment in your state.

Standard of Conduct in Managing and Investing Institutional Funds

Regarding the standard of conduct in managing and investing institutional funds, UPMIFA notes that the governing body must *manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances*.

UPMIFA Section 3 (1) *In managing and investing . . . the following factors, if relevant, must be considered:*

- (A) general economic conditions;*
- (B) the possible effect of inflation or deflation;*
- (C) the expected tax consequences, if any, of investment decisions or strategies;*
- (D) the role that each investment or course of action plays within the overall investment portfolio of the fund;*
- (E) the expected total return from income and the appreciation of investments;*
- (F) other resources of the institution;*
- (G) the needs of the institution and the fund to make distributions and to preserve capital; and*
- (H) an asset's special relationship or special value, if any, to the charitable purposes of the institution.*

WELS areas of ministry, WELS subsidiaries, and a number of congregations and other WELS-affiliated ministries utilize the convenient, cost-effective, professionally managed portfolios of WELS Investment Funds for their endowments. The portfolio for endowments is called the WELS Endowment Fund (review WELS Investment Funds' annual report at wels.net/welsfunds), which is designed to retain principal and provide overall growth for long-term ministry support.

See Exhibit B at the end of this section for WELS Foundation's Investment Policy for Permanently Restricted Funds.

Distributions (Appropriation for Expenditures)

Absent explicit donor stipulations to the contrary, expressed in the gift instrument, UPMIFA states *an institution may appropriate for expenditure or accumulate so much of an endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.*

In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) the duration and preservation of the endowment fund;*
- (2) the purpose of the beneficial ministries and the endowment fund;*
- (3) general economic conditions;*
- (4) the possible effect of inflation;*
- (5) the expected total return from income and the appreciation of investments;*
- (6) other resources of the institution; and*
- (7) the investment policies of the institution.*

See Exhibit B at the end of this section for WELS Foundation's Expenditure Policy for Permanently Restricted Funds.

A prudent distribution or spending policy is designed to provide a generous, predictable income stream that will increase over time to offset the long-term effects of inflation. A commonly used method is to distribute a certain percentage of the market value of the endowment fund each year.

Both your investment management and distribution policy should be reviewed at least annually. While these guidelines apply to endowments, applicable state law must be followed.

Reporting

The planned giving committee should provide an annual report to the congregation detailing investment gain and loss, endowment fund distributions and additions, and any charges against the fund.

Every good and perfect gift is from above, coming down from the Father of the heavenly lights. James 1:17



EXHIBIT A:

Some congregations establish their endowment fund in their bylaws. Others might instead use a congregationally approved gift agreement. The following templates are intended as guides. Regardless of which option is chosen, the congregation should consult with legal counsel. A congregation should think through how the endowment works in their specific situation, who is responsible for its administration, and how those people are held accountable to the congregation. Then edit the document accordingly.

Sample Endowment Fund Wording for Amending a Congregation’s Bylaws

[Congregation Name] Endowment Fund

Section 1: Definition

The [Congregation Name], [City], [State] Endowment Fund (hereafter referred to as the “Fund”) shall be a permanently restricted fund established to receive and administer all gifts that are designated for the Fund.

Section 2: Purpose

The purpose of the Fund shall be to [insert purpose, e.g., “support the work of the congregation for Christ both in the community and in the world at large.”]

Section 3: Administration

[The Fund can be administered under a congregational planned giving committee, endowment fund committee, or another arrangement determined by the congregation. You will want to review your state’s Uniform Prudent Management of Institutional Funds Act (UPMIFA).]

Congregational Planned Giving Committee:

1. The [Congregation Name] Congregational Planned Giving Committee (CPGC) shall consist of [#] members, all of whom shall be members in good standing. The term of each member shall be [#] years. The church council shall appoint [#] members to the CPGC with staggered terms. In the event of a vacancy on the CPGC, the church council shall appoint a replacement member. The congregational treasurer is an [ex-officio or advisory] member of this committee and liaison to the church council. A pastor shall serve as a non-voting, ex-officio member. After a lapse of one year, former committee members may be reappointed.

2. The CPGC shall meet at least quarterly. A quorum shall consist of [#] members. The CPGC shall elect from its membership a chairman and recording secretary:
 - The chairman shall facilitate all CPGC meetings.
 - The recording secretary shall maintain complete and accurate minutes of meetings and supply a copy thereof to each member of the CPGC, the church council, and the pastor(s).
3. The CPGC is to plan and carry out an annual program to inform congregation members of the benefits of Christian giving and the purposes of the Fund. It will encourage members of the congregation to meet with Christian giving counselors to discuss their planned gifts. The CPGC will utilize the resources of WELS Ministry of Christian Giving and WELS Foundation.
4. The CPGC oversees the [investing and] distribution functions listed below.

Section 4: Gifts to the Fund

All gifts received shall comply with the gift acceptance policy [see Exhibit C].

Section 5: Investments

All Fund assets are to be managed and invested in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. [To accomplish this, endowment assets will be invested with WELS Investment Funds.]

Section 6: Distributions from the Fund

To preserve the purchasing power of the Fund while providing financial resources for current operations, the following distribution formula will be used, subject to annual review:

Annually the Fund will distribute four percent of the four-year (or since inception) rolling average market value of the Fund as of [the end of the fiscal year].

Distributions will be announced to celebrate the Lord's blessings to the congregation through the Fund.

Section 7: Disposition or transfer of the Fund

In the event [Congregation Name] ceases to exist either through merger or dissolution, distribution of the Fund to a successor organization shall be at the recommendation of the church council and by approval of the voters assembly in conformity with non-profit corporation statutes and [Congregation Name]'s constitution and bylaws.

Sample Gift Agreement

[Fund Name] Endowment Fund

For the benefit of [Congregation Name, City, State]

[Possibly insert a summary of your congregation’s mission here.]

Motivated by God’s grace, we, the undersigned, subject to the special terms and conditions set forth, establish the [Fund Name] Endowment Fund (hereafter referred to as the “Fund”) in order to support [Congregation Name] of [City, State].

THIS AGREEMENT is made by [Congregation Name] of [City, State], which has initiated this endowment with our irrevocable gifts.

This endowment will be administered according to the following guidelines:

1. The Fund has been established with a contribution(s) made by a congregational member(s), and it is agreed that congregational members may, at any time hereafter during life, by will or otherwise, transfer money or property to the congregation to be added to the Fund, and thereafter dealt with in all respects as part thereof.
2. The Fund will be an endowment of the congregation. Distributions from the Fund will be made in accordance with the congregation’s expenditure policy for endowments.
3. Fund distributions are made annually to [Congregation Name] of [City, State].
4. The congregation may invest and deal with the property in the Fund without restriction as it, in its sole and absolute discretion, deems proper. The congregation will be guided by its investment policy for endowments.
5. The congregation will report, at least annually, to members concerning the current market value of the Fund’s investments.
6. The Fund will continue to serve, as described above, so long as the designated funds are available, and the purpose is not unlawful, impracticable, impossible to achieve, or wasteful, as determined by the church council in its sole discretion. In such event, distributions from the Fund will be used for purposes consistent with those herein stated, as determined by the church council in its sole discretion.

With thanks to God for his many blessings,

President

Date

Treasurer

Date

EXHIBIT B:

WELS Foundation Investment Policy for Permanently Restricted Funds

Purpose

WELS Foundation provides administration for selected permanently restricted or endowment funds for synodical ministries. This policy outlines the investment management of such funds held by WELS Foundation.

Scope

This policy governs all permanently restricted funds administered by WELS Foundation.

Policy

The long-term objective of WELS Foundation is to earn a return sufficient to preserve the purchasing power of the funds for generations to come, as well as to provide for current fund purpose(s). As a result, the long-term return goal shall consist of an expenditure rate and an assumed rate of inflation. As of the effective date of this policy, these items and their function in the overall return are as below but may be modified from time to time by the WELS Foundation Board of Directors.

Expenditure rate:	3.0% to 4.5%
Inflation rate:	2.0% to 4.0%
Net return goal:	5.0% to 8.5%

The WELS Foundation Board of Directors will permit the portfolio to experience an overall level of risk consistent with the risks generally associated with the broad market. Accordingly, endowment funds will be invested in the WELS Endowment Fund, a diversified long-term investment portfolio for endowments, offered through WELS Investment Funds.

Dividends and capital gains will be reinvested.

The WELS Foundation Board of Directors will receive and review periodic investment performance reports from WELS Investment Funds.

The synod chief financial officer is authorized to grant exceptions to these investment policies. Any granted exception will be reported to WELS Foundation Board of Directors at its next regularly scheduled meeting.

WELS Foundation Expenditure Policy for Permanently Restricted Funds

Purpose

WELS Foundation is responsible for the administration of selected permanently restricted or endowment funds. This policy incorporates the provisions established in Section 4 of the Uniform Prudent Management of Institutional Funds Act, as adopted by the state of Wisconsin in August 2009, into the WELS Foundation's expenditure policy.

Scope

This policy governs all permanently restricted funds administered by WELS Foundation.

Policy

Absent explicit donor stipulations to the contrary, expressed in the gift instrument, WELS Foundation may appropriate for expenditure or accumulate so much of an endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by WELS Foundation. In making a determination to appropriate or accumulate, the WELS Foundation Board of Directors shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) the duration and preservation of the endowment fund;
- (2) the purpose of the beneficial ministries and the endowment fund;
- (3) general economic conditions;
- (4) the possible effect of inflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the beneficial ministries; and
- (7) the investment policies of WELS Foundation.

To limit the authority to appropriate for expenditure or accumulate from a permanently restricted fund the gift instrument must specifically state the limitation.

Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or words of similar import:

- (1) create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund; and
- (2) do not otherwise limit the authority to appropriate for expenditure or accumulation.

Appropriation for expenditure from the endowment funds shall be four percent of the prior sixteen quarter (or since inception) rolling average market value of the fund as of June 30. Distributions from endowments established during the year will be made on a pro rata basis. Distributions will be made as soon as practical following each fiscal year-end (June 30). The distribution percentage will be reviewed annually by the WELS Foundation Board of Directors. The WELS chief financial officer is authorized to grant exceptions to these appropriation rules. Any granted exception will be reported to the WELS Foundation Board of Directors at its next regularly scheduled meeting.

EXHIBIT C:

Sample Gift Acceptance Policy

On behalf of [Congregation Name], and under the direction of the voters assembly/church council, the Board of Stewardship/special gifts committee/financial secretary [or another officer] shall be responsible for overseeing gifts offered with donor-imposed restrictions. These include memorials, estate gifts, and gifts other than cash or marketable securities (hereafter referred to as “special gifts”).

1. Special gifts will be reviewed by the Board of Stewardship/special gifts committee/financial secretary [or another officer] at their regularly scheduled meetings. When needed, special meetings may be called or written communications (including e-mail) may be used to review special gifts.
2. Special gifts not restricted by the donor will be distributed in accordance with the congregation’s prevailing unrestricted gifts policy [for example, “50% debt retirement, 30% ministry plan, 10% WELS, and 10% Scholarship Fund”—the policy should be reviewed periodically so that it continues to correspond with the church’s mission, vision, and priorities].
3. Unless earmarked for an existing fund or project, donor restricted gifts must be accepted by the Board of Stewardship/special gifts committee/financial secretary [or another officer]. Donor-restricted gifts not earmarked for an existing fund or project must be sufficient to fully fund the new proposed project. If accepted, the gift must be used in accordance with the accepted restrictions and the restrictions must be documented. The Board of Stewardship/special gifts committee/financial secretary [or another officer] will keep a log of accepted restricted gifts that includes appropriate gift information, such as donor names, gift descriptions, dates received, how gifts were acknowledged, the specific restrictions on the use of gifts, and when and for what purpose the gifts were ultimately dispersed.
4. Gifts other than cash or marketable securities must be accepted by the voters at a congregational meeting. Prior to making a non-cash gift, donors are encouraged to discuss their intentions with the Board of Stewardship/special gifts committee/financial secretary [or another officer]. The asset should be readily marketable, unencumbered with debt, free of environmental or other liabilities, and should not require additional funding by the congregation. Examples include but are not limited to the following:
 - a. Real estate may consist of vacant land, residences, rental, farmland, or commercial property.
 - b. Privately held assets may include ownership of a business, income property, collectibles, or other items of value.

Exceptions [examples to consider—will vary by congregation]:

- School supplies and other items intended for school use must be approved by the principal or the chairman of the Board of Christian Education.
- Materials given for the maintenance and upkeep of the church and/or school facilities must be approved by the chairman of the Board of Trustees.
- Gifts with a value of less than \$250 do not need special approval.

5. Marketable securities include assets such as stocks, bonds, and mutual funds. The congregation shall liquidate marketable securities, whether intended for the general operating budget or an existing special fund or purpose, as promptly as reasonably possible. Any transaction fees attributable to the liquidation shall be paid out of the proceeds of the gift.

The chairman (or his designee) of the Board of Stewardship/special gifts committee/financial secretary [or another officer] will communicate decisions to the donor(s).

Requests from donors to remain anonymous shall be respected.

The congregation may use the services of the WELS Ministry of Christian Giving and/or WELS Foundation to assist with the review, acceptance, and liquidation of special gifts.

Approved by [Congregation Name] on _____ [Date], [Year].

V. WELS Organizations that Can Help You

WELS Ministry of Christian Giving

WELS Ministry of Christian Giving encourages members to excel in the grace of giving (2 Corinthians 8:7) and assists them in making planned gifts to support the gospel ministries of their congregations, synod, and WELS-affiliated ministries. Each of the 12 WELS districts has Christian giving counselors who know well the principles of Christian stewardship and can encourage and assist churches and individuals with planned giving. Since Christian giving counselors are salaried by the synod, there are no fees or commissions for their services. Consequently, there is no cost or obligation for working with a WELS Christian giving counselor. He is qualified to assist you with the following:

Assistance to Members

- Updates on WELS ministry opportunities
- Help developing a plan for regular, faithful giving
- Assistance with your will
- Ways to reduce taxes and increase support for your family, church, and favorite WELS ministries
- Information regarding charitable gift annuities and remainder trusts, which provide lifetime payments with the remainder going to your favorite ministries
- Information about other helpful giving vehicles including retirement plans, appreciated assets, donor-advised funds, and endowments
- We'll work with or help you find professional advisors to assist with your Christian giving plans

Assistance to Churches

- Preaching (stewardship, WELS ministry)
- Presentations (tax-wise giving, stewardship, WELS ministry, estate planning)
- Help setting up a planned giving committee

Benefits of a Counselor

- Confidential counsel with a fellow Christian whose desire is to help you fulfill your Christian giving goals

- Continued growth in understanding and living the scriptural principles of Christian stewardship
- The joy of giving that comes from a prayerfully and carefully thought-out plan

Where He Fits into Your Gift-Making Process

WELS Christian giving counselors are not attorneys, certified public accountants, or financial planners, nor do they provide legal or financial planning advice. They offer general information about tax-smart planned giving approaches and provide counsel regarding Christian stewardship principles and WELS ministry. There is no fee for the services of a counselor.

Contact Your Counselor

A counselor is available to meet with you at your church or home. To contact a counselor, call WELS Ministry of Christian Giving at 414-256-3209/800-827-5482 or visit wels.net/givingcounselors to view an online directory.

WELS Ministry of Christian Giving
 N16W23377 Stone Ridge Drive
 Waukesha, WI 53188-1108
 Phone: 414-256-3209/800-827-5482
 E-mail: mcg@wels.net
 Web: wels.net/giving

WELS Foundation, Inc.

After the Israelites crossed the Jordan River to enter the Promised Land, they set up a stone memorial so that future generations would know the goodness of God (Joshua 4:4-9). In the same way, Christians today arrange planned gifts through WELS Foundation to share Jesus' love with the people in their lives and to support Christ's work for years to come.

WELS Foundation, a self-supporting subsidiary of WELS, was organized for the benefit of the Wisconsin Evangelical Lutheran Synod and is guided by the same principles. Christ's love is what we are all about. By that love we are redeemed and forgiven. His Spirit has made us his own by faith and given us the promise of a relationship with him now and forever in heaven. God has graciously called us to help WELS members and organizations pass on his great love in Jesus to the next generations so they might know and reflect Christ's love.

By making a donation to WELS Foundation for a charitable gift annuity, a charitable remainder trust, a donor-advised fund, an endowment, or another special giving instrument, your Christian faith is making a lasting impact and helping to do the Lord's work. Giving is an act of worship, another way to offer your Lord a thankful response for his never-failing gifts.

Charitable gifts benefit WELS gospel ministry by providing funds to your congregation, WELS (Home and World Missions, Ministerial Education, Congregational Services), and WELS-affiliated

ministries. Like the stones placed by the Jordan River, your gifts are a way to share God's grace with others now and after you enter the Promised Land of heaven.

WELS Foundation, Inc.
N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108
Phone: 414-256-3206/800-752-8940
E-mail: WELSFoundation@wels.net
Web: wels.net/foundation

WELS Investment Funds, Inc.

WELS Investment Funds, Inc. is a self-supporting subsidiary of WELS that provides cost-effective portfolios for WELS congregations and other WELS-affiliated ministries.

When you invest with WELS Investment Funds, your scholarships and endowments are investing in the very same portfolios utilized by Martin Luther College, Wisconsin Lutheran Seminary, WELS Home and World Missions, and many other WELS congregations and affiliated ministries.

WELS Investment Funds, Inc.
N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108
Phone: 414-256-3206/877-888-8953
E-mail: welsfunds@wels.net
Web: wels.net/welsfunds

WELS Church Extension Fund, Inc.

WELS Church Extension Fund exists to provide loans and grants to qualified mission congregations so that they can acquire land and build or renovate ministry facilities. WELS members, congregations, and organizations may invest with WELS Church Extension Fund to help carry out their mission. Investment options include loan or savings certificates and individual retirement accounts.

WELS Church Extension Fund, Inc.
N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108
Phone: 414-256-3289/866-511-7793
E-mail: cefcustomerservice@wels.net
Web: wels.net/cef

WELS Ministry of Christian Giving encourages members to excel in the grace of giving and assists them in making planned gifts to support the gospel ministry of their congregations, synod, and WELS-affiliated ministries.

WELS Foundation exists to help God's people support gospel ministry through the Wisconsin Evangelical Lutheran Synod.

It is the foundation of choice for members, entities, and affiliates of WELS.



Wisconsin Evangelical Lutheran Synod
N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108

Phone: 800-827-5482

wels.net