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IDEAS AND INSIGHTS FOR ACTIVE CONGREGATIONS

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Permanent Endowment Fund: Blessing and Temptation

"A few of us are angry," he wrote. "Some of us are frightened. But most of us are just puzzled—wondering what to do.

"Our church's endowment, which grew substantially during the last 100 years, has accomplished many wonderful things.

"Up until about 1975, we used only *the interest* for special projects. But when our membership started declining, we began dipping into *the principle* each year, to pay staff salaries and subsidize our operating budget.

"We have heated arguments about this. Some say we have no choice: we must either invade the principle or cut staff. Other people say that we are violating the trust of the endowment's donors.

"How do other congregations handle this?"

Permanent endowment funds are a marvelous blessing. But endowments also create dangerous temptations:

- What if leaders substitute dependence on the endowment for teaching parishioners the spiritual blessings of generous giving habits?
- What if leaders substitute dependence on the endowment for building strong ministries that attract new attendees and prevent a gradual erosion of membership?

Leaders must exercise continuous vigilance to avoid falling into these financial traps.

Every congregation should establish an endowment fund. Once it exists, no matter how small the starting balance, *an endowment fund attracts dollars that people would not otherwise have given to God's causes.*

For example, the governing board chairperson in a small-town congregation gave \$500 to establish a permanent endowment fund. Shortly thereafter, without anyone asking her to do so, a wealthy widow with no children revised her will. Nine months later she died unexpectedly, and that \$500 endowment became a \$500,000 endowment.

Her gift inspired other people. Twice a year, the endowment committee distributed flyers in the Sunday morning worship bulletin that (a) reminded people of the many marvelous things the endowment had accomplished, (b) reminded people that the interest and principle were dedicated to specific causes (not to the operating budget), and (c) illustrated how people could give to the endowment. Ten

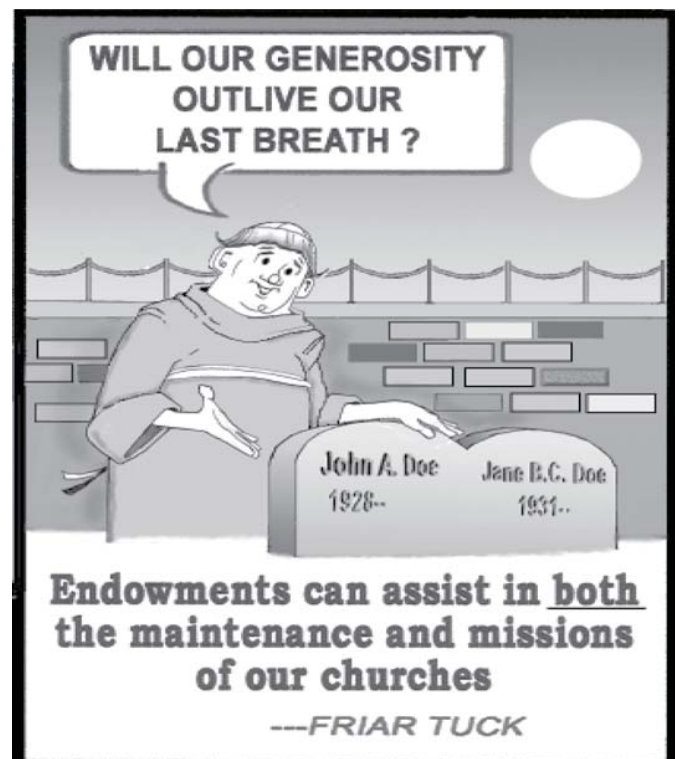
years later, the congregation's endowment totaled more than two million dollars.

People give generously to a church endowment if (a) the endowment exists, (b) church leaders publicize the endowment's existence and accomplishments two times each year, and (c) the endowment serves causes about which church members feel passionate.

Two endowment funds are better than one. Establish a facilities endowment and a missions endowment. Why? People with choices make more generous decisions:

- Some members love to give to bricks-and-mortar funds, especially if they and/or their parents were married in that building or they have a passion for quality facilities.
- Some members (these folks are not bricks-and-mortar types) love to give to an endowment whose interest income supports various types of local, regional, and world mission causes.

When a congregation (a) establishes these two endowments, (b) publicizes their existence and purposes twice a



year, and (c) celebrates “the ministries that these endowments allow us to accomplish that we otherwise could not do,” the endowments attract money that people would not otherwise give.

Obtain from your denomination’s regional or national office materials and advice on how to establish, operate, and publicize an endowment fund.

Most of these guidelines include stipulations regarding (a) appropriate uses for the endowment’s interest income and principle and (b) what happens to the endowment if the congregation ceases to exist.

Provide stewardship-of-life educational opportunities. Only 42 percent of Americans, including retired Americans, have a will. (*Wall Street Journal*, 6-10-04). Some experts claim that only 50 percent of lawyers have a will.

Why is this? For some people, the answer is procrastination. For many people, the reason is *denial*. They prefer to imagine that they will live forever, and they prefer not to shatter that illusion with rational thinking.

Churches that sponsor a “Wills and Estate Planning Seminar” every few years (a) help people combat procrastination, (b) help people overcome denial and make appropriate estate plans, and (c) strengthen their congregation’s long-term mission and ministry abilities.

While not designed to influence people to put the church in their wills, the following seminar inevitably accomplishes some of that: About every five years—either alone or in cooperation with nearby churches—sponsor a “Wills and Estate Planning Seminar” from 10:00 a.m. to 12:00 noon on Saturday.

Ask three resource people to lead it: (a) a local lawyer familiar with tax laws and estate planning, (b) a local CPA (Certified Public Accountant) familiar with tax laws, and (c) a development staff member from an agency or institution of your denomination who presents the spiritual dimensions of estate planning.

This type of seminar significantly benefits church members and the friends who often accompany them. Many, many of these people will not initiate a search for estate-planning information on their own—information that significantly benefits them and their heirs.

Harry Emerson Fosdick, pastor of Riverside Church in New York City during the mid-1900s, printed at the bottom of each Sunday worship bulletin, “Remember the church in your will.” Decades later that church continued to receive bequests resulting from those weekly *spot commercials*.

Pastor John Claypool said, “Death will make generous givers of us all.” The big question: where will we direct that generosity?

Endowment funds provide opportunities for generosity that benefit both the giver and the congregation.

Warning: do not let endowment-dependency kill the congregation’s future. A consultant was working with a two-hundred-year-old congregation on the east coast. For several years, the interest from a several-million-dollar endowment had funded a staff twice as large as is customary in a congregation of its size. During the last fifteen years, worship attendance had declined by 50 percent. The governing board asked for advice regarding staffing issues.

The consultant said, “Your primary problem is NOT staffing! You have sufficient annual interest from your endowment to pay staff salaries and overhead expenses forever. *But the endowment cannot buy new members!* On the statistical trajectory of your present membership-decline, one Sunday morning in 2025 your staff will enter a well-funded sanctuary that is empty of parishioners. Your big challenge is learning how to connect with the spiritual needs of people in your community.”

Warning: Do not let endowment-dependency kill the spiritual-growth opportunities in effective annual stewardship programs. The best of these programs (a) focus on the need of the giver to give for his or her personal spiritual benefit, not the need of the church to receive and balance the annual budget, (b) ask the question, “What percentage of your income is God calling you to give?” and (c) provide the opportunity to write the resulting dollar amount on a card.

One example from among a half-dozen programs that use the above approach is *New Consecration Sunday, 2007 Revised Edition: Stewardship Program with Guest Leader Guide and CD-Rom* (Nashville: Abingdon Press, 2007). Thousands of congregations have reported (a) 15 percent to 30 percent increases in total congregational giving the first year and (b) 10 percent to 15 percent increases in total giving during each of seven or more subsequent years. Obtain purchasing information from 800/672-1789 or the [www.cokesbury Website](http://www.cokesbury.com). For five other annual stewardship programs that use those principles, see Volume 5 of *Herb Miller’s Nuggets* at www.TheParishPaper.com

The bottom line: A beautiful stained-glass window in a Memphis, Tennessee, church depicts Jesus with a staff in one hand and a lamb in the other. Underneath the window are these words: “Your Works Still Live.” The donor’s name is in tiny letters below that sentence.

The words on that window illustrate the primary point of an endowment fund. Such gifts allow God’s stewards to extend the benefit of their convictions and values beyond their lifetime. The ministries that their money supports assure that Jesus’s works still live.

Where could you find a better investment opportunity?