

HOW TO CREATE A

# Mission Endowment Fund



A GUIDE FOR CONGREGATIONS

THE  
**ELCA**  
FOUNDATION

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# PREFACE

**T**he creation of a congregational mission endowment fund can be a vehicle to support and enhance ministries of the whole church when the mission endowment committee sees itself as an enabler and an educator for gifts to ministry. The Mission Endowment Fund attracts current giving through cash, as well as planned and future gifts, as people desire to leave a legacy for ministry... gifts that nurture the whole church.

I believe the emphasis should always be on mission and not on a congregational “investment club.” How might you and I as leaders of our congregation give assistance in the stewardship of all our assets? A congregational mission endowment fund, when prop-

erly designed and administered, truly will be a blessing as it creates the “vessel” for expanded ministry and service, “making Christ known.” This is especially true when the congregation focuses on mission, education, stewardship and thanking the saints of God. ELCA Foundation staff are prepared to assist you in this important ministry. Log on to [www.elca.org/fo](http://www.elca.org/fo) for more information. I commend this guide to you for the enhancement of mission.



# SECTION 1

## Introduction

**M**any congregations of the Evangelical Lutheran Church in America (ELCA) receive at least one large gift that the donor intends as a lasting benefit for ministry. Unfortunately, many congregations are unprepared to receive such a gift. Some congregations find that in the absence of a plan for its use, the gift discourages other financial support and good stewardship. A few discover that disagreements over the use of the gift result in bitter, divisive struggles. Adequate planning and foresight can minimize these potential problems. In fact, a congregation with a carefully prepared mission endowment plan can find its ministry revitalized.

New ministries can be established, and concerns for the mission of the church beyond the local congregation can be supported and expanded in new ways. This guide provides a systematic approach to establishing a congregational mission endowment fund. The guidelines contained here are adaptable to the needs of your congregation. If you would like assistance beyond the scope of this guide, contact the ELCA Foundation at 800-638-3522, ext. 2970 or visit our website at [www.elca.org/fo](http://www.elca.org/fo) for the name of the ELCA Foundation Regional Gift Planner nearest you.



# SECTION 2

## What is an Endowment Fund?

An *endowment fund* is historically understood as a perpetual fund from which only the earnings are distributed. These permanently restricted or temporarily restricted endowments are generally established by donor-restricted gifts and bequests. The word “earnings” is generally used as a synonym for “profits;” a more appropriate accounting term is “income.”

- *Ordinary income* is a term that generally refers only to interest and dividends.
- Income may also include capital gains (*realized gains*) from the sale or other disposition of the assets and the change in the market value of investments (*unrealized gains*).

Most frequently for congregations, the congregation itself is creating the mission endowment fund; thus, it could create a distribution policy to define exactly what “income” it wants to use as a basis for distribution. One method is to use “ordinary income” since it usually represents

cash paid to the endowment. Recently, however, some states have enacted the Uniform Management of Institutional Funds Act (UMIFA), or modifications of the UMIFA, that assumes a total return approach to endowment management. Under this approach, a spending policy would define the distributable amount as a percentage of the market value of all endowment assets. Although this method may require a small liquidation of the endowment assets, it recognizes the total return of the endowment assets and therefore all categories of income.

- For example, a \$1,000 gift to a permanently restricted endowment fund is permanently invested in the fund. Only the interest or a portion thereof is used for the ministry designated by the donor.
- Under a spending policy, 5% of the market value of the endowment assets could be distributed each year. Thus, any realized or unrealized gains could be included in the distribution.

An endowment fund is different from a *special fund*. Gifts to special funds are used entirely for the designated purpose and may be intended to be depleted. Examples of special funds may include building funds, Good Samaritan funds, organ funds and others. Memorial funds may be channeled either into a mission endowment fund, or through a special fund as directed or allowed by the donors and as congregational provisions permit. In order to smooth the process, it may be wise for the congregation council to pass a continuing resolution that directs undesignated gifts, for example from an estate, into the mission endowment fund. (See “Model Language to Establish a Mission Endowment Fund” on page 15).

#### **What is a *Mission Endowment Fund*?**

The name Mission Endowment Fund emphasizes the fund’s purpose: to fund mission work at home and around the world, above and beyond the programs supported through regular offerings. Examples of mission work include programs in the community, a Lutheran social ministry organization, college, seminary, a synod’s mission fund, and other ministries of the ELCA: global mission, new mission congregations, In the City for Good, World Hunger Appeal, the Fund for

Leaders in Mission and numerous others.

#### **A Mission Endowment Fund is Stewardship Ministry**

Christian stewardship involves the faithful management (conserving, developing and distributing) of all God’s gifts to humankind: the created world, life, time, abilities and money. Many think of financial stewardship only in terms of current income. Scripture teaches us that all we are and all we have is entrusted to us by God. Therefore, stewardship also includes our accumulated, inherited and appreciated resources. As Christians, just as we give proportionately for the Lord’s work from our income annually, so we are encouraged to give proportionately from our accumulated resources as legacy gifts. Creating a mission endowment fund provides the receptacle for receiving such legacy gifts.

# SECTION 3

## Why would one give to a Mission Endowment Fund?

All that we have and all that we are is a gift from God. During our early years we acquire, accumulate and save. The blessings we receive from God, including our intellect and ability to earn wages, allows us to provide for ourselves, our families and the annual needs of our congregation and other charities. Planning for the distribution of all lifetime accumulations is a vital step in completing our stewardship plan. Through a mission endowment fund we can support the future ministry of the church.

### What can be given?

Our legacy stewardship plan may include one or more of the following:

- Bequests (a designation in one's will or living trust)
- Life insurance proceeds (either through beneficiary designation or through a gift of the policy itself)
- Assignment of certificates of deposit

- Transfers of property such as cash, stocks, bonds and real estate
- Memorial gifts
- Charitable gift annuity remainders
- Charitable remainder trust remainders
- Beneficiary designation in an IRA or other retirement plan

Congregations should encourage these types of gifts in the context of legacy stewardship. Potential donors should be guided, with sensitivity, so that they do not place shortsighted or restrictive conditions on their gifts.

To set a positive example of responsible stewardship, the congregation should prayerfully consider giving ten percent of all special gifts and bequests directly to other ministries, and invest the balance in their mission endowment fund. This can be an expression of the congregation's

commitment to “first fruits giving” and can encourage members to follow the congregation’s lead.

Many have already included their congregation or other ELCA ministries in their wills. Many more will remember the church in their wills if they are reminded and if their congregation has a responsible plan for using these gifts. Establishing a mission endowment fund both anticipates and invites legacy gifts.

# SECTION 4

## Establish a plan

Typically, you are reading this booklet because you either think your congregation should establish a mission endowment fund or you have been selected to serve on a committee appointed by the congregation council to create a mission endowment fund. This section outlines suggestions for developing a plan for your mission endowment fund. Suggested steps include:

- Determine the mission purpose
- Develop initial support
- Name the fund

- Determine the method of establishing the fund
- Select a committee to serve according to guidelines

An ad hoc committee appointed by the congregation council may happen either before or after determining the mission purpose. Either way, the context of this committee's actions will stem from the mission purpose of the fund. Once the mission purpose is determined, all the other pieces of how to operate the mission endowment fund will fall into place.

### Organizational timeline

There are several points along this continuum at which you may enter the process of creating a mission endowment fund.

**1A.** Ad hoc committee, possibly only one member, decides that the congregation needs a mission endowment fund. Research is done to learn more about establishing such a fund. **(1 day to several weeks)**

**1B.** Significantly sized bequest is received; the congregation council decides to create a mission endowment fund with part or all of the bequest. **(at least one council meeting)**

**2.** A committee is appointed by the congregation council. **(one council meeting as introduced by the ad hoc committee or council.)**

**3.** The committee determines the purpose for the fund; elicits initial support from key leaders in the congregation; and names the fund. **(1 –2 months)**

**4.** The fund is established according to whatever method the committee members, in conjunction with the congregation council and outside counsel, suggest. **(Depending on method and timing of next annual meeting, between six months to one year)**

**5.** First official committee is elected by the congregation. **(First annual meeting after or concurrent with the establishment of the fund)**

**6.** Committee publicizes the fund, gifts are received, fund assets are managed, and distributions are made. **(Ongoing for life of the fund.)**

In nominating persons for this committee, look for individuals with a sense of mission that extends beyond the congregation – people who are dedicated stewards in word and deed of God’s gifts to them. The first priority is a commitment to mission. It is also helpful to have some members who are knowledgeable of financial, legal and marketing matters. These qualities can help obtain the support of the entire congregation.

**A. Determine the Mission Purpose of the Fund**

A specific mission keeps the congregation focused on the need for and purpose of the fund. Purposes help develop initial support for the fund, and help ensure the fund’s long-term integrity. The mission purpose should always remain as the focus of the fund’s communication with the congregation. The members will only give to a fund if they understand how the funds will be used. The fund should not be subject to passing trends or whim, yet should have the flexibility to meet unforeseen developments. Use the following suggested purposes to develop direction that reflects a congregation’s ministry:

- Encourage gifts of accumulated assets to enhance the mission outreach of the congregation, synod and ELCA churchwide

beyond that expected and supported through regular giving.

- Provide for the receipt of endowment gifts by having a congregational mission endowment plan that is coordinated with the congregation’s total stewardship ministry and the mission of the congregation.
- Promote faithful Christian stewardship of all resources, present as well as accumulated, by encouraging wills and estate plans that reflect love for family, neighbor and God’s work through the church.

**B. Develop initial support**

In order for the fund to receive support, the congregation must develop a sense of ownership in the purposes of the fund. Gain the support of a nucleus of members who will make a planned gift and will encourage others to consider contributions to the mission endowment fund as part of their charitable giving plan. It is helpful if the group leads by example in their legacy stewardship. This group could include the congregation council, the stewardship committee and a special task force elected or appointed to establish the fund.

**C. Name the Mission Endowment Fund**

Once support is created, the fund needs to be named. As stated at

the beginning of this section, the core of the fund should be its purpose. From that, the name of the fund will be determined. While the names Mission Fund or Mission Endowment Fund are recommended, your congregation may prefer to use a name like Covenant Fund, Cornerstone Mission Fund, Mission Expansion Fund or Extended Ministries Fund. The terms “trust” and “foundation” are discouraged because of the potentially confusing independent legal significance of the terms and their tax implications. Except under unusual circumstances, instituting a separately incorporated body is neither advisable nor necessary. A separately incorporated fund may have adverse tax and legal implications and may be subject to rules for private foundations and potentially subject to additional reporting requirements. For further discussion, call the ELCA Foundation.

#### **D. Determine method of Establishing the Mission Endowment Fund**

Establish the mission endowment fund simply as a separate account of the congregation that is directed by a committee elected for that purpose. The congregation should own the fund’s assets.

The committee may wish to consult legal counsel to review the congregation’s articles and bylaws

and determine the best way, within local, state and federal law, to establish the fund. Because the fund will simply be a separate account within the congregation, there won’t be any additional filings, returns or other documents required other than those normally required of the congregation. There are three general ways a congregation might establish a mission endowment fund:

- a. change the congregation constitution
- b. enact a bylaw
- c. enact a continuing resolution

Your time frame, as well as the level of ease with which you want changes to be able to be made to the mission endowment fund, are two key factors to keep in mind when choosing which method will be used. Changing the congregation’s constitution takes the most amount of time, and therefore, will be less likely to be changed in the future. Not only must there be two congregational votes, but the synod must have 120 days to review and comment on the amendment after the second congregational vote. A bylaw, which requires only one congregational vote, is a bit easier to change. Congregation councils enact continuing resolutions, thus they are the easiest to change.

Sample language for any of the above three options are included in Appendix A of this document. The language presented is based on use of the ELCA Model Constitution for Congregations.

### **E. Initial Mission Endowment Fund Committee**

At the congregation's annual meeting subsequent to or concurrent with establishing the fund, the congregation should elect its first slate of mission endowment fund committee members. Just as was done in selecting the drafting committee members, it would be wise for persons nominated to have a sense of mission that extends beyond the congregation – people who are dedicated stewards in word and deed of God's gifts to them. As with the fund's central purpose, the committee members should have a commitment to mission. Also, it may be helpful to elect members who are knowledgeable about financial or legal matters or have some marketing background. The primary goal for the committee – especially for the first slate of committee members – is to educate congregation members about the fund and why they would want to include it in their plans. In order to ensure consistency within the fund, create relatively long, staggered terms of office for committee members.

Committee members should understand their responsibilities. Malfeasance in office could lead to personal liability. The congregation should have an *employee dishonesty blanket bond* (fidelity bond) as part of its insurance coverage. This provision generally covers any member elected to serve on a committee dealing with the congregation's money. The congregation council, or appropriate committee, should check with its insurance agent to verify the coverage of its insurance. Another aspect of protection is delegating some or all of its responsibilities to other fiduciaries, for example, having an outside investor manage the fund's assets, such as the ELCA Endowment Fund Pooled Trust. (See "Invest with the ELCA Endowment Fund Pooled Trust" on page 15 for more details.)

# SECTION 5

## Manage with integrity

The fund's management should be under the general oversight of the official corporate structure of the congregation. The committee should concentrate on educating, motivating, celebrating, thanking and distributing gifts to ministry, not on managing investments. Where and how the funds are invested should be guided by sound stewardship principles and the best interests of the congregation. Wise investment of endowment funds will maintain the proper balance between income and growth and ensure the security of the invested principal.

### Investment objectives for a Mission Endowment Fund

There are two primary investment objectives that all mission endowment funds should seek to achieve:

- First, an annual distribution to be used to further the purpose and ministry goals of the mission endowment fund; and
- Second, long-term growth so the annual distribution will keep pace with inflation, i.e. the annual distribution will maintain its purchasing power.

### Determining a distribution policy

- The first questions to ask are, “How much do we want to distribute each year?” and “How much risk is the congregation willing to take regarding asset allocation?”
- A second consideration is realizing that a typical distribution rate for college and university endowment funds, as well as

### Invest in the ELCA Endowment Fund Pooled Trust

The Pooled Trust grew out of conversations with congregations and other ELCA ministries. The Trust was established with an objective to provide long-term growth with quarterly distributions. Investments adhere to the socially responsible investing principles adopted by the ELCA Church Council. This service is low-cost to the congregation and frees you to concentrate on educating, motivating, distributing, celebrating ministry and thanking donors.

The investment advisor for the Pooled Trust is the ELCA Board of Pensions, which manages more than \$5 billion in pension assets. The administrator of the Trust is the ELCA Foundation.

To receive a Disclosure Statement containing more complete information, including expenses, risks and an application form, please call 800-638-3522, ext. 2970. Please read the Disclosure Statement carefully before investing.

the minimum required for private foundations, is 5% of the assets as valued at the end of the year, or based on a rolling average of several quarters or years. Through studies, 5% has been shown as an optimal rate to maintain purchasing power of the dollars distributed as well as to provide an opportunity for long-term growth.

- Finally, creation of a spending policy emphasizes: a) the use of prudence and a systematic formula to determine the portion of cumulative investment return to be used for ministry every year; and b) the protection of endowment gifts from a loss of purchasing power.

#### **Avoid Conflicts of Interest**

The members of the mission endowment fund committee, and the congregation as a whole, must be careful to avoid all conflicts of interest. While there may be experienced planning professionals in the congregation, it may be best to

invest the fund with an impartial third party.

As matters of public trust and good business practice, and to maintain these funds for their intended use, the congregation should not “borrow” from the principal for other purposes.

As the mission endowment fund is simply another account within the congregation, the same outside auditor should audit the mission endowment fund along with all the other congregation’s accounts.

#### **Reporting**

The congregation council should receive a quarterly report of the activities within the mission endowment fund. For this reason, it makes sense to have a committee member as a member of the council. A complete annual financial report should be made to the congregation of all funds invested and disbursed, either at the congregation’s annual meeting or at a special meeting called for that purpose. Throughout the year, the Fund should report regularly in the congregation’s newsletter all gifts received and all distributions made by the mission endowment fund. **Celebrate and give thanks** publicly in Sunday bulletins, congregation newsletters, during worship, and on display boards.

#### **Follow ELCA Social Investing Policies**

As a congregation of the ELCA, the fund managers should take into account policies and guidelines adopted by the ELCA Church Council regarding social responsibility and ethics in investments. (Call the Director of Corporate Responsibility, Division for Church in Society at 800-638-3522 to request the brochure “Corporate Social Responsibility: How You Can Contribute as an Individual Member or Through Your Congregation and Synod” or visit the web site at [www.elca.org/dcs/corp.html](http://www.elca.org/dcs/corp.html).)

# SECTION 6

## Encourage gifts

**R**emember, the key function for the committee is twofold: to educate members about the purpose of the fund in order to encourage additional gifts, and to recommend the beneficiaries of the annual distribution. There are many ways to achieve these complementary functions. The committee should work with the stewardship committee to provide a cohesive year-round program to educate members about the various aspects of complete Christian stewardship, both during life and at death. Following are thoughts about ways to communicate the message of giving to the congregation's mission endowment fund.

### **Publicize the Fund**

Prepare a printed brochure that describes the purposes of the mission endowment fund and the means and value of supporting it. Distribute the brochure to every household of your congregation. Sample brochures produced by congregations are available upon request from the ELCA Foundation. Also available from

the ELCA Foundation is a booklet of ideas to promote the fund titled *Encouraging Gifts to a Mission Endowment Fund*. Remind members regularly to remember ministries of the church in their wills. Upon request, the ELCA Foundation will provide sample blurbs that can be used in a newsletter or Sunday bulletin.

### **Suggest How to Give Through the Fund**

Use the brochure to include suggestions and ideas on typical ways donors can give to the mission endowment fund.

- Outright gifts may be given to the mission endowment fund in cash, securities, or assignments of life insurance policies or real estate. (Please consult with the ELCA Foundation before accepting real estate or securities.)

### **Preamble for Christians**

Call the ELCA Foundation and ask about a preamble for Christians for your will. Also ask for the *Will and Trust Workbook*.

- Bequests, the giving of assets through a will, may be given to the mission endowment fund in:
  - Specific bequests of a percentage of one’s estate, a dollar amount, or a specific piece of property.
  - Contingent bequests, which designate the mission endowment fund as the beneficiary if other beneficiaries do not survive.
  - Residuary bequests, which designate the mission endowment fund to receive the remainder of one’s estate after all specific bequests have been made.

- To some donors, life insurance is a particularly attractive form of giving because these gifts may not affect the donor’s current cash flow and because large gifts may be possible at a relatively small cost. Common methods of using life insurance as a gift are to designate ministry as a beneficiary for a percentage of the proceeds, to give policies that are no longer needed, or to name the church as the owner and beneficiary of a policy.
- Another simple and effective gift option is the assignment of certificates of deposit, bonds and bank deposit accounts as *payable on death to the congregation for its mission endowment fund*.
- There are also gift options that benefit the congregation while providing a lifetime income to the donor. Because of legal and tax implications, congregations should consult with the ELCA Foundation regarding the management and administration of these gift arrangements.

### Bequest Language

It would be wise to include the legal language for members to include the mission endowment fund in their will or living trust. Following are three examples you may want to include in your brochure:

- To give directly to the congregation’s mission endowment fund: “. . . to the \_\_\_\_\_ Lutheran Church, (city), (state), for its Mission Endowment Fund.”
- Even with a mission endowment fund, and your encouragement that bequests should be given to the mission endowment fund, some members may still wish to give to the general purposes of the congregation: “. . . to the \_\_\_\_\_ Lutheran Church, (city), (state), for its general purposes.”
- Many members have more than one Lutheran ministry that they wish to include in their will or living trust. The ELCA Foundation administers bequests for all aspects of the church and can seamlessly liquidate real estate and securities for the benefit of the named beneficiaries. Instead of having the attorney or executor contact every Lutheran beneficiary, a bequest can be made to the ELCA for distribution by the ELCA Foundation: “. . . to the Evangelical Lutheran Church in America, a Minnesota non-profit corporation, located in Chicago, Illinois, c/o the ELCA Foundation, to be distributed as follows:
  - 30% \_\_\_\_\_ Lutheran Church, (city), (state), for its Mission Endowment Fund;
  - 30% \_\_\_\_\_ College;
  - 30% Lutheran Social Services of \_\_\_\_\_; and
  - 10% ELCA, for its general purposes.”

### **Designated Gifts vs. Non-designated Gifts**

When a donor designates that his or her gift be used for a specific purpose, the gift is called a designated gift. Congregations should ensure that designated gifts are used for the intended purpose.

However, because needs change, it is desirable that donors include with their gifts the option of alternative uses, preferably to “where most needed.” This helps avoid potential problems with fulfilling the donor’s wishes.

Problems arise when designated donations don’t have the economic potential to achieve their designated purpose. For example, you receive a donation for a new organ, but the full cost of the organ cannot reasonably be funded.

Problems also arise when the purpose of the donation does not reflect the needs of the congregation. For example, a substantial bequest is received to renovate the sanctuary after the congregation has voted and planned to move into a new or different building.

Encourage gifts designated for the mission endowment fund. For all undesignated gifts, the congregation council could pass a continuing resolution stating that such gifts will be automatically added

to the mission endowment fund. The council could state that ten percent of each gift received will be taken “off the top” and distributed to ministry, with the remainder added to the Fund. (See *Model Language to Establish a Mission Endowment Fund* on page 15.)

### **Conduct Wills, Estate and Gift Planning Seminars**

With a mission endowment fund in place, the congregation now has the appropriate vehicle to receive and distribute the benefits of bequests. However, only a small percentage of all people include a bequest to their church or other ministries. Moreover, most adult ELCA members do not have an up-to-date will. (This can be tested by taking an informal

#### **Gifts that Provide Lifetime Income**

Individuals who would like to provide a substantial gift or bequest to the church can explore opportunities that benefit the church and provide a lifetime income to the donor.

These gifts involve the donor giving some of his or her assets to the church, which the church manages through the ELCA Foundation during the donor’s lifetime. Upon the donor’s death, the gift is distributed according to his or her wishes. The donor can specify any ELCA ministry as the ultimate beneficiary.

These gift opportunities are tailored to the needs and priorities of the individual donor. ELCA Foundation Gift Planners are available to help donors and congregations determine how the donor’s giving priorities can be best realized through various gift options such as charitable gift annuities, charitable remainder trusts, donor advised funds, etc. The Foundation encourages individuals to explore these options. There is no obligation or cost and inquiries are held in the strictest confidence. ELCA Foundation Gift Planners are salaried employees of the church with no commissions to earn.

survey of any adult group such as the congregational council or choir.)

Wills education can bring about a dramatic change. With a primary emphasis on providing for the family, wills education is an important stewardship ministry. If opened to the community, wills education can also be an effective outreach opportunity for the congregation.

For further information and suggestions, write or call the ELCA Foundation for assistance in wills, estate and gift planning education and development. The ELCA Foundation has gift planners throughout the country available to provide no-cost, no-obligation seminars for congregations and other ministries.

#### **Distribute Educational Brochures**

The ELCA Foundation has developed several brochures that can educate members about opportunities to provide for ministry. You may want to send a mailing to all members of the congregation and include a copy of *Take the Test*, a brochure that asks 30 questions to assess the reader's current estate plan. There is room on the back of each brochure to include a sticker with your congregation's name and phone number. Most brochures are free of charge and

available in large quantity. Call the ELCA Foundation, or visit our website, to receive a sample of the various brochures.

#### **Year-Round Activities of the Fund**

Once your mission endowment fund is established and members learn about their options, call the ELCA Foundation for a guide of suggestions to further promote your mission endowment fund. Many individuals and congregations have added their ideas to assist you in your work for ministry. For example, devote a section of the congregation's newsletter to the mission endowment fund. Some issues might include examples of how the Fund can be a part of members' plans. Other issues might include updates on the gifts received or distributions made.

# SECTION 7

## Celebrate! Celebrate! Celebrate!

### Gifts Received:

**W**e all like to be thanked for gifts we give. With proper permission, publicly acknowledge the gifts received by your fund. You may also want to request permission to acknowledge the commitments that are made known to the committee. Examples of such commitments are will bequests, payable on death designations, life insurance beneficiaries, or other revocable methods.

### Distributions Made:

The best way to encourage additional gifts to the mission endowment fund is through pomp and circumstance when distributions are made. Throw a party! Celebrate during worship. Members will see how the funds will be used. It will be an additional time to emphasize how they, too, can give to the fund. Invite a representative of church-wide, your synod or other beneficiaries to come and share how the distribution has made an impact.

Congregations have developed many ways to select the beneficiaries of their distributions. Some have application forms; others rely on congregation members to provide ideas. Still others rely on the committee members to determine how the distributions will be divided. The ELCA Foundation has examples of what certain congregations are doing. Call to receive ideas and sample application forms.

### Acknowledge Gifts

Express appreciation in a personal letter to donors of outright gifts, or to surviving family members for bequests from deceased members.

Unless anonymity is requested, the names of all donors can be honored and perpetuated by recording in a "Book of Remembrance" or other public celebration of thanks. Display the book in the narthex or other suitable location.

Remember to give thanks seven times.



# APPENDIX A

## Model Language to Establish a Mission Endowment Fund

The process and language presented in this document have not been reviewed by legal counsel and may not be appropriate given your particular situation, circumstances, state law, or goals for your mission endowment fund. Accordingly, it is our recommendation that this model language be utilized as a basis for a discussion by your committee and subsequently with counsel for the congregation. When adopting language for your congregation, you may want to consult an attorney to review the proposal in the context of your congregation's constitution, bylaws and state law. Some attorneys understand the governance structure of the ELCA within the context of your particular state's law better than others. You may call the ELCA Foundation for a suggested attorney who may be familiar with your state's laws.

The *ELCA Model Constitution for Congregations* (Model Constitution) does not specifically address Mission Endowment Funds; however, there are provi-

sions that provide a means to establish a mission endowment fund and its committee. The congregation could amend the congregation's constitution to include a mission endowment fund as a part of the congregation council's responsibility. The guidelines for the committee would then be established through bylaws or a continuing resolution. If your congregation does not want to create the mission endowment fund through its constitution, a bylaw or continuing resolution could create a mission endowment fund and guidelines under which the committee should manage the fund. Of course, it is possible, in times of immediacy, to have the council adopt a continuing resolution first, with a plan to amend the constitution or create a bylaw at the next available opportunity following the time requirements for either. Regardless of the means to create the mission endowment fund, the congregation council would be the ultimate overseer of the fund between annual meetings of the congregation.

**Sample provisions:**

The following sample provisions are merely examples of the type of language that would be needed to establish a mission endowment fund and the duties for a mission endowment fund committee. The provisions assume that your congregation follows the protocol within the Model Constitution. If a different format is used, feel free to use the same language, but adapt the format appropriately.

Bracketed language indicates optional language. For example, your congregation may choose to elect seven instead of five mission endowment fund committee members, five being shown in the sample language below. One of the elected members should also sit on the congregation council.

Additionally, the [a] pastor should be an ex-officio member with voice and vote.

**Option 1: Amend the congregation's constitution:**

**PROCEDURE:**

Add section C5.05. and amend section C12.05.f to add a mission endowment fund as one of the congregation's powers and the congregation council's responsibility. The amendment could also create a new section C13.06. with a description of the mission endowment fund committee and re-number existing sections

C13.06. and C13.07. as C13.07. and C13.08., respectively.

Required chapter 17 of the Model Constitution outlines the process required for making an amendment, namely, proper notice to members of the proposed change, followed by a legally called meeting where a majority of those present and voting must approve the proposal. The vote would be ratified without change at the next annual meeting by two-thirds majority of those present and voting. Finally, the amendment must be sent to the synod and will become effective 120 days after receipt of the notice by the synod, unless there are concerns expressed by the synod.

At the annual meeting ratifying the amendment to the constitution that established the Mission Endowment Fund, a bylaw could be adopted to establish the Mission Endowment Fund committee. Ultimately, the congregation council would oversee the work of the mission endowment fund committee, but responsibility would be to the entire congregation.

**MODEL LANGUAGE:**

*Constitutional amendment to be properly presented to the congregation pursuant to Model Constitution Chapter 17:*

Whereas, life-long Christian stewardship involves management of all assets God has entrusted to His people, including abilities, time, income, appreciated assets and possessions; and

Whereas, members of this congregation have the privilege and duty to support the work of

\_\_\_\_\_ Lutheran Church, the \_\_\_\_\_ Synod, and the Evangelical Lutheran Church in America through contributions of time, abilities and financial support as stewards of God's gifts; and

Whereas, members of this congregation can fulfill their privilege and duty by giving to the work of the church through, for example, bequests in wills or living trusts, designations of retirement or pension plans, assignments of life insurance, charitable gift annuities, charitable remainder trusts, assignments of certificates of deposit, transfers of property such as cash, stocks, bonds and real estate, etc.; and

Whereas, this congregation would encourage and receive these gifts to be administered and utilized for ministry through a Mission Endowment Fund;

Therefore be it resolved, that the Congregation of \_\_\_\_\_ Lutheran Church, \_\_\_\_ (city)\_\_\_\_,

\_\_(state)\_\_, amends its constitution as follows:

Add section C5.05. as follows:

“C5.05. This Congregation shall have a mission endowment fund which will operate under guidelines as specified in this congregation's [bylaws][continuing resolutions]. The purpose of the mission endowment fund will be to provide for mission work beyond the operating budget of the congregation.”; and

Amend section C12.05.f as follows:

“C12.05.f The Congregation Council shall be responsible for overseeing the work of the mission endowment fund, this congregation's investments and its total insurance program.”

*Should your congregation also wish to add a new section to be numbered C13.06. and re-number existing C13.06. and C13.07. as C13.07. and C13.08., respectively, the mission endowment fund committee could become part of the constitution instead of being created through a bylaw or continuing resolution. Add the following to the foregoing constitutional amendment:*

Add new section C13.06. as follows:

“C13.06. A Mission Endowment Fund Committee of [five] voting members of this congregation shall be elected [at the Congregation’s annual meeting] {or} [by the Congregation Council]. The term of office will be [three] years with the first slate of members serving staggered terms. Each year following the initial election, [two] members will be elected [with one elected every third year]. Members are eligible for only two consecutive terms. [At all times at least [one] member of the committee shall serve on the Congregation Council. In addition to the elected members, the [a] pastor of the congregation shall be an ex-officio, with voice and vote, member of the committee. The Treasurer of the congregation shall maintain the account of the Mission Endowment Fund [and serve as an ex-officio, without voice or vote, member of the committee].] The purpose of the committee shall be to implement the guidelines of the mission endowment fund.”; and

Re-number existing C13.06. and C13.07. as C13.07. and 13.08., respectively.

**Option 2: Create a bylaw:**

**PROCEDURE:**

Required chapter 16 of the Model Constitution delineates the procedure for adopting a bylaw.

Council must notify members of a proposed bylaw and its recommendation at least 30 days prior to a congregational meeting. The bylaw must be passed at a legally called meeting of the congregation with a quorum present by a majority vote of those voting members present and voting. For purpose of ease and with proper notice, the congregation could vote on the bylaw at the same time as the amendment to the constitution. The bylaw could establish the committee and its duties.

*Bylaw of the mission endowment fund committee and its duties:*

*(Insert the same “Whereas” clauses as stated above to give explanation and rationale for the following action.)*

Therefore be it resolved, that pursuant to C16.01. of our constitution, the Congregation of \_\_\_\_\_ Lutheran Church, \_\_\_(city)\_\_\_, \_\_\_(state)\_\_\_, hereby establishes a committee and its guidelines to carry out the activities of a Mission Endowment Fund. The following bylaws shall be inserted in the constitution where indicated.

“C13.08.01. A Mission Endowment Fund Committee of [five] voting members of this congregation shall be elected [at the Congregation’s annual meeting]

{or} [by the Congregation Council]. The term of office will be [three] years with the first slate of members serving staggered terms. Each year following the initial election, [two] members will be elected [with one elected every third year]. Members are eligible for only two consecutive terms. [At all times at least [one] member of the committee shall serve on the Congregation Council. In addition to the elected members, the [a] pastor of the congregation shall be an ex-officio, with voice and vote, member of the committee. The Treasurer of the congregation shall maintain the account of the Mission Endowment Fund [and serve as an ex-officio, without voice or vote, member of the committee.] The purpose of the committee shall be to implement the guidelines of the mission endowment fund.”

“C13.08.02. The duties of the Mission Endowment Fund Committee shall include the following:

a. To fulfill the purpose of the Mission Endowment Fund, that is to provide annual distributions beyond the operating budget of this congregation to ministries as stated below:

[EXAMPLE 1]

- 1) Up to 40% for special projects within the local area wherein the congregation resides;
- 2) Up to 40% for special ministries within the \_\_\_\_\_ Synod, ELCA;
- 3) Up to 40% for ELCA Churchwide ministries;
- 4) Up to 20% for extraordinary programs/ministry initiatives within this congregation.

{or}

[EXAMPLE 2]

- 1) Minimum of 20% for outreach into the local community or synod as the Committee determines;
- 2) Minimum of 20% for ELCA Churchwide ministries as the Committee determines;
- 3) Minimum of 20% for extraordinary programs / capital improvement or other ministry initiatives within this congregation;
- 4) Remaining 40% distributed through any of the above categories.

b. To determine how the Fund assets will be invested, including the asset allocation. [The investment objective will be to provide

long-term growth so the annual distribution will keep pace with inflation, i.e. the annual distribution will maintain its purchasing power.] [In any event, all investments shall be invested by outside investors such as in the ELCA Endowment Fund Pooled Trust and/or the ELCA Mission Investment Fund. No committee member shall invest the assets in a way that would bring private inurement to that individual.] The committee shall report at least quarterly to the Congregation Council on any and all activity within the Fund. Current balance, additions, distributions and any other activity should be included with the report. Annual accounting and a report of ministries supported through the Fund shall be distributed to the Congregation at its annual meeting.

c. To [make annual distributions.] {or} [begin making annual distributions once it reaches [\$100,000].] Annual distributions will be a percentage of the annual value of the Mission Endowment Fund balance, and may include interest and dividends received, realized gains, and/or unrealized gains. [If the Fund ever exceeds [\$500,000] in value on the [year-end] valuation date, the next year's distribution shall include a

[10%] distribution of that [year-end] value in addition to the annual distribution.]

d. To encourage gifts to the Mission Endowment Fund through education and promotion of the Fund. [The committee may use the services of the ELCA Foundation Regional Gift Planner in assisting members with the best way to include the Mission Endowment Fund in their current giving and estate plans.]

e. To receive and celebrate gifts given for ministry through the Mission Endowment Fund [and maintain a permanent book of remembrance of donors to the Fund]. [[Ten percent] of each such gift will be distributed immediately beyond the operating budget of the Congregation. The remaining portion will be added to the Mission Endowment Fund.] The committee has the discretion to decline acceptance of a gift if deemed to be in the best interest of the Fund and the congregation.

f. To respond to [Congregation][Congregation Council] request, under an unforeseen emergency situation, to use principal of the Fund to help the Congregation rectify an economically devastating situation.

g. To accept undesignated gifts received by this Congregation,

such as, but not limited to, bequests, life insurance proceeds and remainders from life income agreements. [[Ten percent] of each such gift will be distributed immediately beyond the operating budget of the Congregation. The remaining portion will be added to the Mission Endowment Fund.]”

**Option 3: Adopt a continuing resolution:**

**PROCEDURE:**

A continuing resolution can be adopted by the congregation council to establish a mission endowment fund committee. (\*C18.01. and C13.06.) Either the same or another continuing resolution could then establish the guidelines for the committee specifying its duties. (C13.07.)

**MODEL LANGUAGE:**

Continuing resolution for the mission endowment fund committee and its duties:

On \_(month)\_ (day), (year), this Congregation established a Mission Endowment Fund. The Congregation Council now wishes to establish the committee and its duties for operating the Mission Endowment Fund.

Pursuant to C13.06. of our constitution, the Congregation Council hereby establishes a committee to carry out the activities of the

Mission Endowment Fund. The following continuing resolution will be inserted in the constitution where indicated.

The same language as stated under Option 2: Create a Bylaw, would be used here, substituting the constitutional provisions C13.08.01 and C13.08.02 with C13.08.A[year] and C13.08.B[year], respectively.



# APPENDIX B

## Additional Resources from the ELCA Foundation

- Encouraging Gifts to a Mission Endowment Fund
  - A compilation of ideas from congregations around the church on ways to encourage gifts from congregation members.
- Sample congregational brochures
  - Before you begin to craft your own promotional brochure, see what other congregations have done.
- Educational highlights for newsletter or bulletin
  - It is difficult to always think of a new way to educate members. These “blurbs” are available either in paper format or in .jpeg files on our website at [www.elca.org/fo](http://www.elca.org/fo) under Resources.
- Educational brochures
  - The ELCA Foundation manages life income agreements that will eventually provide for all ministries of the ELCA. Congregation members can learn more about these and other ways to provide for various ministries of the church from brochures developed by the ELCA Foundation. The brochures are available free of charge to congregations.
- Wills/Estate/Gift Planning seminars
  - ELCA Foundation gift planners lead the seminars. Most members have no idea about the world of possibilities available to them for including the church in their plans. Gift planners can give group seminars and then meet with individual members to confidentially discuss options. Visit the ELCA Foundation website at [www.elca.org/fo](http://www.elca.org/fo) for the name of the ELCA Foundation Regional Gift Planner nearest you.





*The examples and information in this brochure are for illustrative and education purposes only and should not be considered tax or legal advice. Please consult with your tax or legal advisor about proceeding with your estate plan.*

For more information, call or write your Regional Gift Planner or:

The ELCA Foundation  
8765 W. Higgins Road  
Chicago, IL 60631

800. 638. 3522, ext. 2970  
773. 380. 2970  
Fax: 773. 380. 2775

[www.elca.org/fo](http://www.elca.org/fo)

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