

Endowments Matter! How do we fund ours?

EPISCOPAL PARISH NETWORK

JULY 24, 2024



TODAY'S CONVERSATION

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OUR FACILITATORS



LUKE DRISCOLL

Managing Director
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ABOUT CCS

400+

Professional
Fundraising
Staff

600+

Nonprofit
Partners Each
Year

\$15+ Billion

In Campaign
Goals At a Time

42

Years Partnered
With Episcopal
Sector

9

Years Partnered
with Episcopal
Parish Network

4

Years of Devoted
Internal Episcopal
Content Cabinet

Poll Questions

TRANSFORMATIONAL IMPACT

FINANCIAL STABILITY

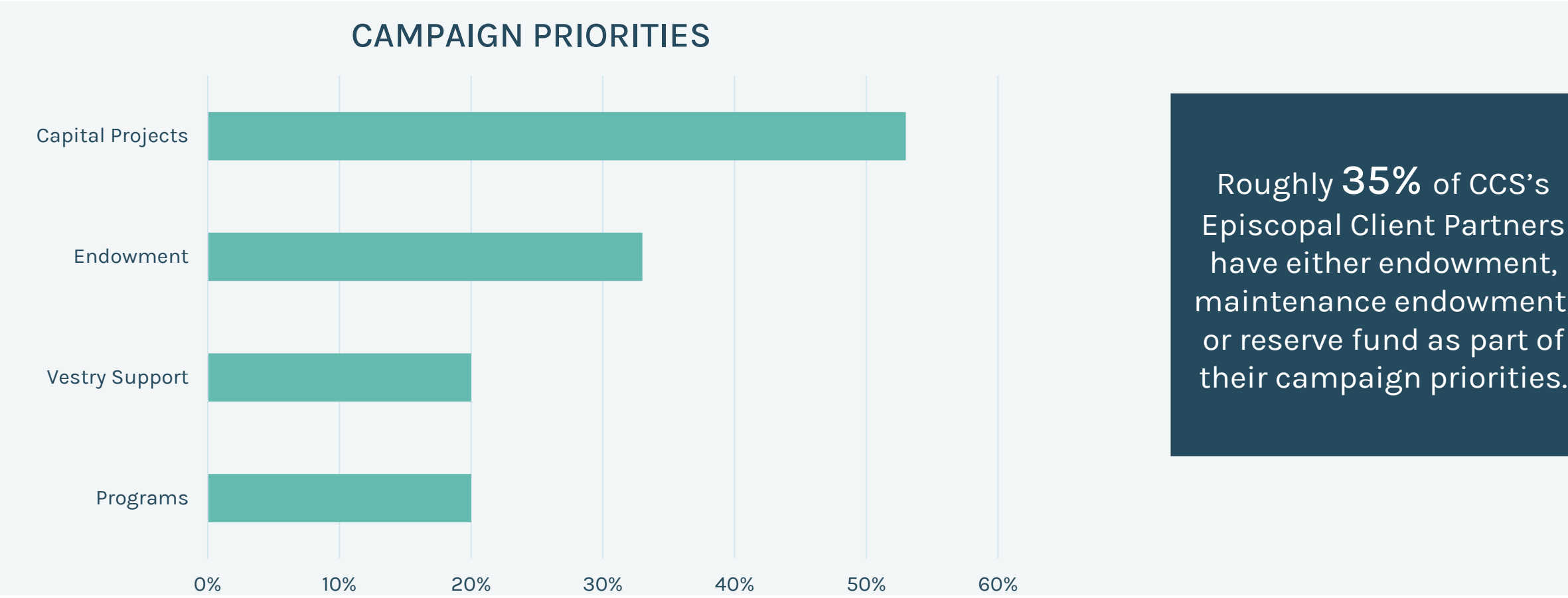
INNOVATION & GROWTH

SUSTAINABLE IMPACT



SNAPSHOT OF CCS FAITH PARTNERS

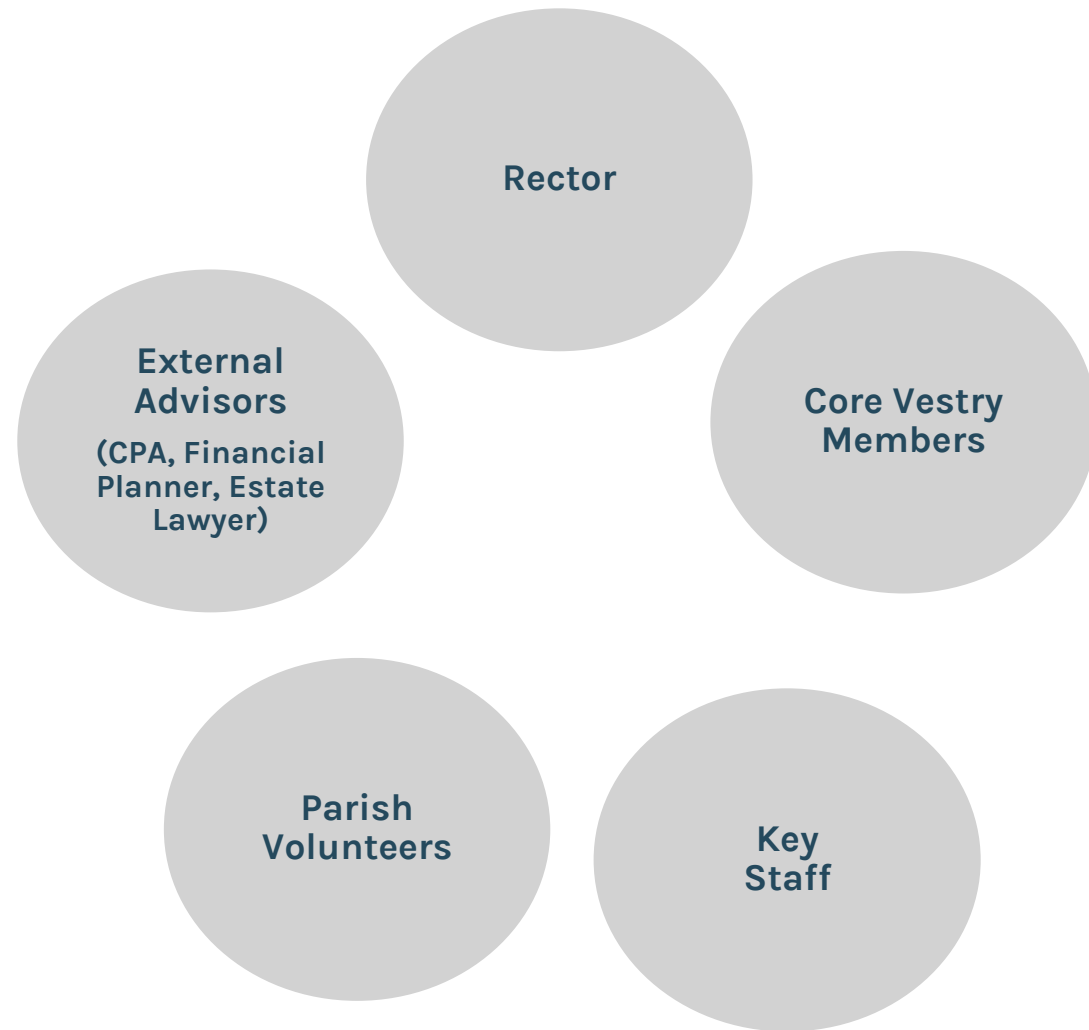
While capital priorities are still the largest drivers of campaigns, churches are engaging in more comprehensive fundraising efforts.



Roughly **35%** of CCS's Episcopal Client Partners have either endowment, maintenance endowment, or reserve fund as part of their campaign priorities.

Planning Your Endowment Fund

FORM AN EFFECTIVE BOARD OR COMMITTEE



QUESTIONS FOR CONSIDERATION

Do we face increased operating costs?

Do we anticipate future needs that will strain our budget?

Have changes in the economy affected our ability to meet our annual stewardship goals?

Have we had to reduce our mission programs because of lack of funding?

What percentage of gifts comes from individuals 65 years of age or older?

What would an endowment allow the church to do long-term?

ESTABLISH YOUR ENDOWMENT PRIORITIES

STRUCTURING YOUR ENDOWMENTS TO RESONATE WITH YOUR CONGREGATION

Type of Endowment	Explain Benefits	Draft your Policies	Transparency
<ul style="list-style-type: none">• Quasi• Restricted• Unrestricted	<ul style="list-style-type: none">• Long-term sustainability• Advances values & beliefs• Bigger impact• Endow annual gift	<ul style="list-style-type: none">• Minimum threshold• Investment strategy• Naming & recognition• Customization	<ul style="list-style-type: none">• Beneficiaries directly benefit from your mission. Explain how an endowment will ensure sustained impact on their lives, highlighting the importance of long-term stability.

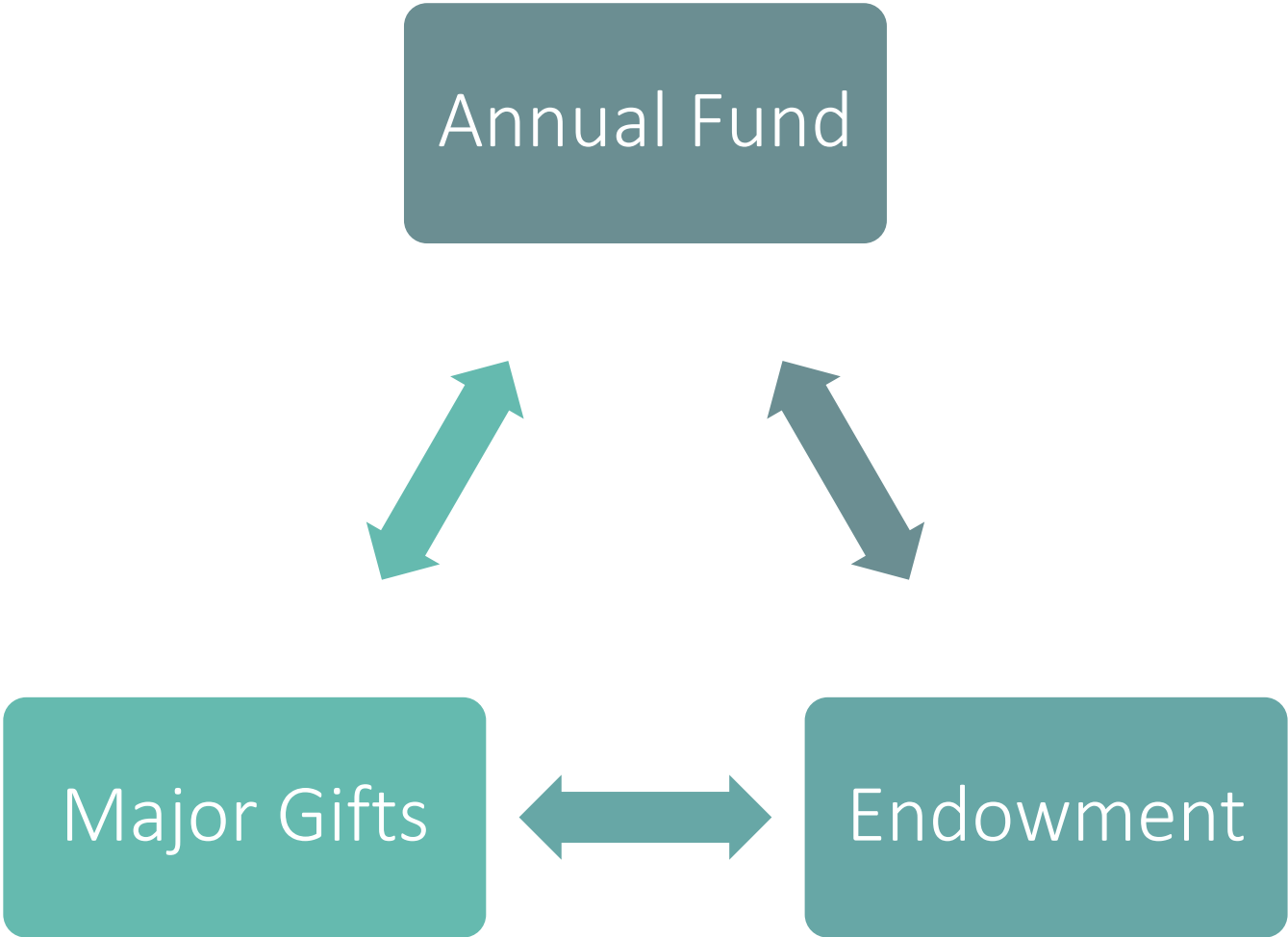
EFFECTIVELY COMMUNICATE WITH YOUR CONGREGATION

- **Lean on the Experts.** Work with your investment advisor to find ways to demonstrate the power of endowment giving (e.g. modelling of expected financial outcomes).
- **Be Transparent.** Work with your investment advisor to showcase how your endowment is being prudently managed.
- **Educate** your Vestry and Staff on the basics of endowment investing and involve them in the investment process to help with their communication with donors.



Keys to Raising Endowment Funds

SUSTAINABLE FUNDRAISING FOR YOUR CHURCH



You need all three legs of the stool to sit comfortably!



THE FOUR PILLARS OF FUNDRAISING

CASE

- Rationale for the initiative
- Persuasive, personal, compelling

LEADERSHIP

- Those who advocate for the church
- Committed and influential volunteer leadership

PROSPECTS

- Church's constituency
- Sufficient number of vetted, viable potential supporters

PLAN

- Steps to reach your goal
- Thorough time-specific, realistic benchmarks

MAKING THE CASE FOR ENDOWMENT

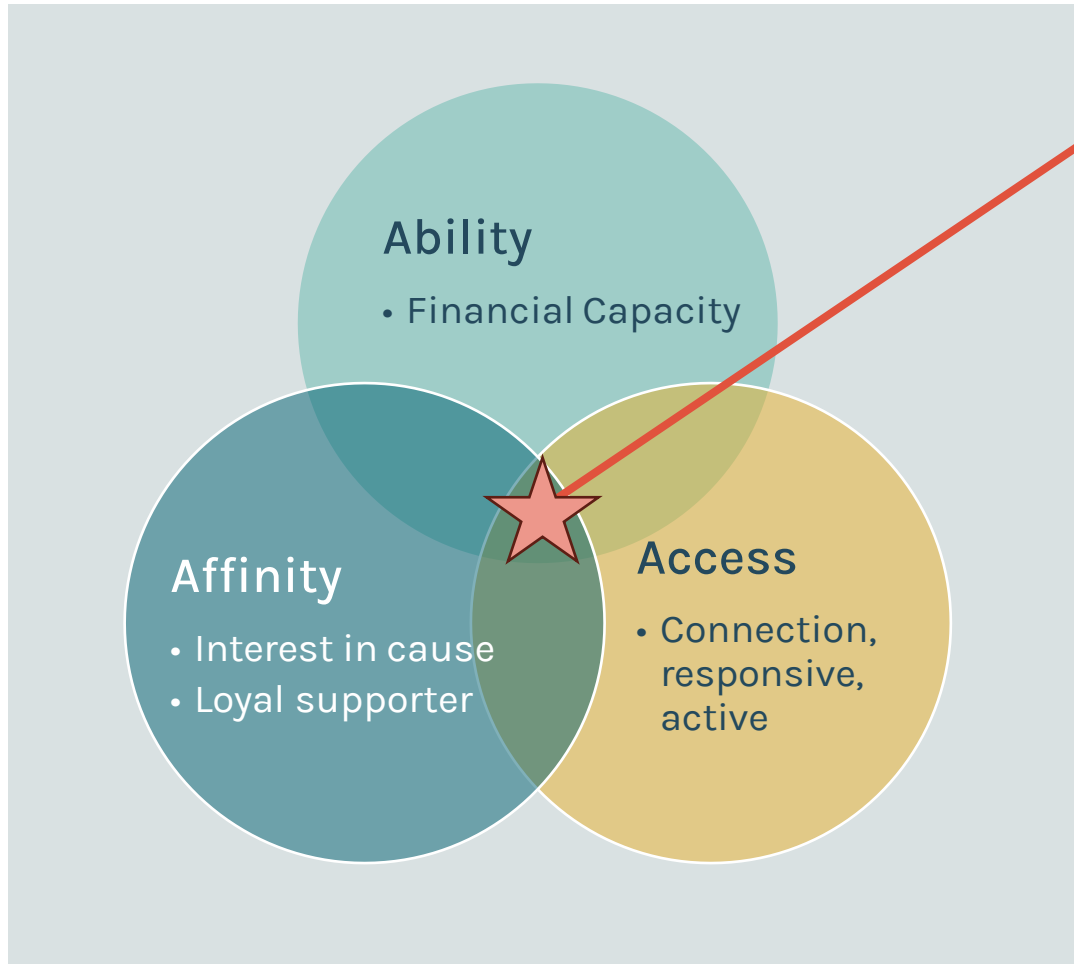
THE UNIQUE CASE FOR PARISHES: Why would parishioners support an endowment fund?

- ✓ Stability During Financial Fluctuations
- ✓ Enhanced Ministry Programs
- ✓ Building Maintenance or Capital Improvements
- ✓ Beyond Annual Budget Capabilities

A GREAT CASE NARRATIVE INCLUDES:

- The philanthropic call to action
- Executive summary
- The church's mission
- How the church has evolved
- Where it is today
- Where it wants to be in the future
- Challenges in achieving future goals
- Solutions to meet these challenges
- Cost estimates
- Benefits and outcomes

IDENTIFICATION OF YOUR BEST PROSPECTS



Your best prospects are here!

Other factors to consider as you prioritize:

- Donors who are starting to think about their legacy and impact in perpetuity.
- Planned giving prospects and donors interested in maximizing their impact.
- Loyal supporters in their 50s, 60s, or 70s.



CREATING AND NURTURING A GIFT PLANNING CULTURE

- Consider incorporating planned giving into your endowment growth strategy.
- Establish a **bequest society** to create a clear pathway towards recognition and stewardship.
- Speak to your donors about their **giving legacy** and how leaving a bequest to your endowment will enable their philanthropic legacy to impact the church in perpetuity.
- Though planned giving is usually associated only with older and long-time donors, there is significant opportunity to **engage younger donors** planned giving strategy conversations where immediate-use gifts, deferred gifts, and non-cash assets can be socialized.

NAMING & RECOGNITION

DESIGNING THE DONOR EXPERIENCE

- Before launching named funding opportunities, ensure there are clear policies and minimums in place to avoid confusion or complications down the road.
- An endowment gift with a naming opportunity in perpetuity may increase a donor's gift, especially for donors interested in naming a capital asset.
- Frequent communication & personal connection are keys to stewarding an endowment donor in a meaningful way.



BLENDING GIFT REQUESTS

Annual Fund

Major Gift

Endowment Giving

Integrating other types of gifts within one request creates a **BLENDING GIFT**

Blending gifts provide donors with an **opportunity to impact the church with a gift now and in the future.** These gifts work to capitalize on the various types of assets held by donors and may address their concerns for current or future lifestyle obstacles. Your Church **should consider blending gifts to meet current needs while planning for future needs.**

DONOR MEETING SCENARIOS

STRATEGIC QUESTIONS

Questions to consider when asking for endowment gifts...



What motivated your first gift to the church?



What factors influence your estate planning decisions?



What inspires you to keep giving?



What do you aim to achieve with your philanthropic investment?



What past philanthropic decisions brought you joy?



What impact do you envision for your investment on (our community, nation, world)?

Raising Funds for Endowment Takeaways



**SHOW IMMEDIATE
IMPACT**



**UNDERScore
LEGACY**



**DEMONSTRATE
RESULTS**



QUESTIONS & DISCUSSION

CCS
FUNDRAISING

Thank You!

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APPENDIX

DEFINITION OF CONCEPTS & KEY TERMS

RESTRICTED ENDOWMENT

A restricted endowment is a type of endowment fund where the donor has specified certain conditions or restrictions on how the funds can be used. These restrictions are legally binding, and the organization must adhere to them.

UNRESTRICTED ENDOWMENT

An unrestricted endowment, as the name suggests, lacks specific donor-imposed restrictions. It gives the organization greater flexibility in using the endowment's income for various operational and strategic needs.

QUASI ENDOWMENT

A quasi-endowment, also known as a board-designated endowment, represents funds that an organization's governing board has set aside to function like an endowment.

DEFINITION OF CONCEPTS & KEY TERMS

GIFT PLANNING

A culture defined by an organization's institutional commitment to donor-centric fundraising with an expanded focus on noncash assets. Gift planning culture is achieved by implementing processes that help both donors and charitable organizations jointly determine which giving techniques provide the greatest charitable impact.

PLANNED GIVING

A program within a fundraising office, and as a distinct fundraising strategy for an individual donor or group of donors, that includes noncash or asset-based giving. Planned gifts can produce immediate income or income over time to a charity or defer a gift for a period.

DEFERRED GIFT

A strategy used to provide the organization with cash in the future, including at a donor's passing. Deferred gifts may confer benefits of income, tax savings, or both to the donor. In this report, we use the term "legacy gift(s)" to refer to revocable deferred gifts most often made as a bequest through a will or trust.

ANNUITY

An individual invests cash, securities, or tangible property into an annuity (a long-term investment). There is a contract (legal obligation) to pay the individual investing a specific, fixed amount over a specific period of time or for life.

BEQUEST

Bequest comes from the verb "bequeath." Bequests are a way individuals leave valuable assets to other individuals or organizations through a will or estate.

CHARITABLE REMAINDER TRUST (CRT)

An irrevocable trust that reduces the taxable income of individuals by dispersing income to trust beneficiaries (for a specific period of time) and then dispersing the remainder of the trust to a designated charity. This is a "split-interest" vehicle into which contributions may be made for partial tax deduction.

TESTAMENTARY PLEDGE

A written pledge of support to be fulfilled by the donor's estate after death.

DONOR MEETING SCENARIOS

Donor Concern	Possible Gift Option	Introductory Talking Points
<ul style="list-style-type: none"> Concerned they'll outlive their money High health care costs 	<ul style="list-style-type: none"> Testamentary Gift Bequest Intention 	<p>"Would you consider a pledge commitment that isn't paid until you pass or when you no longer need it?"</p>
<ul style="list-style-type: none"> Want to provide for children's/grandchildren's college costs 	<ul style="list-style-type: none"> Gift Annuity Testamentary pledge or Bequest Intention 	<p>"Would you be open to exploring ideas to ensuring you have income sufficient to help your grandchildren with tuition while also helping our organization? We'd love to show you some ways you can keep funds available while committing to this effort."</p>
<ul style="list-style-type: none"> Concerned they won't have enough to support retirement 	<ul style="list-style-type: none"> Gift Annuity CRT 	<p>"If we could show you a way to maintain or increase your income while also supporting your parish, would you be interested?"</p>
<ul style="list-style-type: none"> Not enough cash right now Has an extensive art collection 	<ul style="list-style-type: none"> Gift of tangible property 	<p>"Would you be interested in giving art to beautify our community space as part of the blended gift you are considering?"</p>
<ul style="list-style-type: none"> Worried about retirement Want to continue support of organization's gala 	<ul style="list-style-type: none"> Multi-year pledge to gala Testamentary pledge 	<p>"Your continued commitment is so appreciated! Would you consider a multi-year pledge to ensure support for the gala and a significant campaign pledge that is fulfilled once your estate is settled?"</p>
<ul style="list-style-type: none"> Inherited commercial real estate for retirement income which has become a burden 	<ul style="list-style-type: none"> A FLIP unitrust with the commercial real estate property Bequest Intention 	<p>"Would you be interested in hearing how you could receive a steady stream of income while no longer managing the property and ultimate supporting our church community?"</p>