



**CATHOLIC
FOUNDATION**
of West Michigan

Endowment Toolkit

Strengthening our Catholic community
today, tomorrow, and forever.

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I. Committing to the Future

Preface

A Church cannot fulfill its mission and vision if it does not have adequate resources, both now and in the future.

Our efforts today will sow and cultivate the seeds of our Catholic faith in West Michigan for generations to come.

To that end, **the Catholic Foundation of West Michigan seeks to be a valuable partner to your parish or school, so we are pleased to offer this guide to your parish community.** It is our intent to provide information and resources that will bring value as you consider how the growth of your endowed fund can help secure your mission.

This resource is filled with basic information on endowments. Since endowed funds are most successful if people know about them and use them, we have included ideas on ways to help inform parishioners about your endowed fund and invite them to participate in it.

The most successful endowments are grown more effectively and quickly through additional contributions than through investment returns, so your active engagement is critical. One of the great advantages your parish has over the Catholic Foundation and most other non-profits is the amount of contact you have with your audience – your donors and prospective donors. Your commitment to promoting your endowment – augmented by the Foundation's support and investment expertise – will not only help your fund grow, but also ensure your parish's long-term viability.

Stewardship & Spirituality

At its very heart, stewardship is answering the call to follow Jesus and imitate his life. It challenges us to recognize that everything we have is a gift from God and that our actions are an expression of discipleship – our belief in following Jesus Christ. As such, we are called by God to receive our gifts gratefully, cultivate them fully, and share them generously to impact others and build God's kingdom. Though this work of growing your endowment may seem disconnected from our spirituality, this is far from the truth.

Good stewards live with joy and gratitude for the blessings they have received, including those that have multiplied through diligence and hard work. Moreover, good stewards recognize their responsibility to contribute to God's kingdom through the use of time, talent and treasure, making our family, parish, diocese, community and the world a better place. Stewardship, as a lifestyle, is a joyful response to the Gospel invitation in recognition of our responsibility to be Christian caretakers of God's gifts.

Growing funds is a subject we seldom think about from a spiritual perspective. We may think of fundraising as a necessary but unpleasant activity to support spiritual things. Or we might believe fundraising reflects a failure to plan well or to trust enough that God will provide for all our needs. Indeed – and unfortunately – fundraising is often in response to a crisis. Suddenly, a parish community does not have enough money for its needs, so it begins to ask, "how are we going to get the money we need? We have to start asking for it."

Yet, from the perspective of the gospel, fundraising is not a response to a crisis. Raising funds is, first and foremost, an act of ministry. It is a way of announcing your parish's vision and inviting other people to engage in the mission, which is precisely the opposite of begging. As Henri Nouwen points out in his book *The Spirituality of Fundraising*, when we seek to raise funds we are not saying, "Please, could you help us out because lately it's been hard." Rather, we are declaring, "We have a vision that is amazing and exciting. We are inviting you to invest yourself through the resources God has given you – your energy, your prayers, and your money – in this work to which God has called us." This invitation to live one's faith through a financial gift encourages Christian people to 'grasp the fact that they are no less than God's co-workers' (1 Cor. 3:9) with their own unique role in His creative, redemptive, and sanctifying work.

The Catholic Foundation is here to help your parish endowment flourish. Foundation staff is available to consult with pastors, parish staff, and your donors to help further your mission today and sustain your faith-filled work for years to come.

II. What is an Endowment

What is an Endowment Fund?

Endowment funds, also known as endowed funds or endowments, **provide a source of annual income to an organization (i.e. your parish) forever.** This type of fund ensures your long-term security and sends a message your mission is here for good.

As your endowment fund grows through investment gains and additional donations, a percentage of fund's balance (average 4% over a 3-year period) is given each year to the parish. In other words, annual income will be provided forever, creating a guaranteed sum of money your parish can count on year after year, no matter what. Once an endowment is established, anyone can make additional contributions to the fund in any dollar amount.

How Does Our Endowment Work With the Catholic Foundation of West Michigan?

The Catholic Foundation serves as the umbrella organization that manages funds and distributes grants for the majority of parishes, schools, and Catholic ministries throughout West Michigan. The Foundation shares your Catholic faith, brings investment expertise, and offers helpful support. One of the primary services the Foundation provides is managing your endowed fund(s), ensuring your assets are invested in a manner consistent with our Catholic faith and positioned for your long-term security. By pooling assets, the Foundation gains access to top managers and exclusive asset classes while driving down costs for your parish. Moreover, the endowment's purchasing power will be preserved through the Foundation's investment and distribution policies, which are designed for proper stewardship of Church resources.

The Foundation is your trusted partner by providing the following services:

- Professional support for planned giving
- Endowment Fund administration
- Donor Advised Fund administration
- Grant administration
- Financial and investment reporting
- Donor newsletter and information
- Charitable giving and legacy planning workshops
- Facilitation of non-cash assets

Why Is an Endowment Important?

We are called to be good stewards of our blessings so that your parish can continue its vital ministries with excellence in the next generation. This includes securing the necessary funds to cover today's expenses, as well as building capacity for future growth.

Here are some of the benefits of an endowment:

Creates an ongoing source of income. The parish can rely on annual distributions for its charitable work in perpetuity. Through the Foundation's investment and spending policies, your endowment's purchasing power will be preserved. The endowment also grows over time through investment gains and additional gifts from multiple donors. With strong fund management, time becomes your fundraiser and returns more to your parish each and every year.

Enhances stability and prestige. A well-managed endowment sends a message of intentional long-term stability, fiscal responsibility, and financial viability. An endowment communicates the organization can be trusted, that it has received large gifts before, and that it is capable of being good stewards. It enhances the parish's prestige and credibility by saying your mission is here for good.

Relieves pressure on offertory / the annual fund. Annual fund goals tend to rise right along with the cost of providing services and operating the parish, but offertory / the annual fund's ability to meet increasing demand is not guaranteed. An endowment positions the parish to weather economic downturns, shifting demographics, and changes in funding sources over time. A parish with a strong endowment is simply more stable financially (see example graph on pg. 5).

Builds pipeline of future gifts. Many of your savvy donors want to help build long-term strength, not just meet today's immediate needs. A growing endowment builds a pipeline of gifts that will mature in the future, because many endowment gifts are designed to be realized at a future date, often upon the death of the donor. A parish that attracts "legacy gifts" (i.e. bequests) enhances its future financial security and positions itself to enjoy increasingly larger gifts in the future.

II. What is an Endowment (Cont.)

Endowments encourage greater dimension of stewardship.

St. Teresa of Calcutta said, "God gave us things to share. God did not give us things to hold." We all enjoy the shade of trees we did not plant. Good stewards recognize the importance of doing their part to contribute to God's kingdom, participating in a legacy that extends beyond one's life. As we benefit from past generosity, gifts to endowments are wise gifts that make our parish, diocese, and community a better place for all of us – today, tomorrow, and forever.

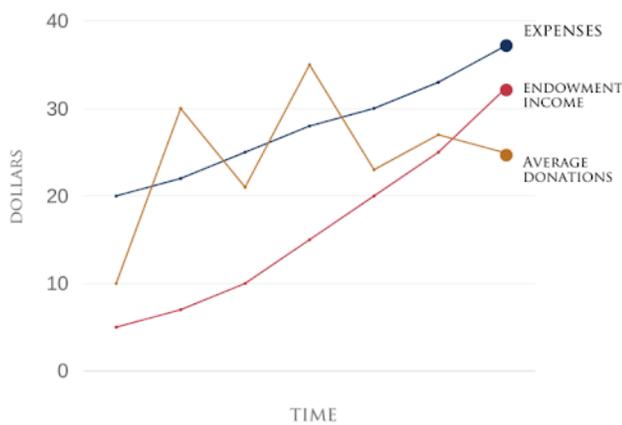
Conclusion

The stronger your endowment becomes, the more it will serve as the financial lifeblood of your ministry. An endowment is truly "the gift that keeps on giving" to secure your mission forever. Endowments are institutional commitments that transcend changes in pastors, administrators, and board members. Those who contribute to endowments are placing their confidence and trust in the individuals who will do the work of improving, strengthening, and sustaining the quality programs and services that are essential to your mission.

Work diligently to build your endowment, and it will serve your parish well. Do so secure in the knowledge your work will long outlast you, providing a strong future for generations to come.

The Catholic Foundation is here to help your parish endowment flourish. Foundation staff is available to consult with pastors, parish staff, and your donors to help further your mission today and sustain your faith-filled work for years to come.

ANNUAL OPERATING BUDGET OVER TIME



* EXAMPLE GRAPH

The example graph shows expenses rising over time, and offertory / annual fund fluctuating over time. Endowment distributions are not only predictable, but also grow larger with each passing year.



III: The Mechanics of Your Parish's Endowment

Management

Endowed funds are managed by the Catholic Foundation of West Michigan.

Investment Management

The Catholic Foundation is committed to prudent investment strategies that align with Catholic teachings, are approved by Michigan Catholic Conference (MCC) & the U.S. Conference of Catholic Bishops (USCCB), and that the Trustees believe will lead to the optimal use of each fund in the charitable community. Our socially-responsible investments are committed to protecting human life, promoting human dignity, reducing arms production, pursuing economic justice protecting the environment, and encouraging corporate responsibility. The Foundation works with professional investment advisors to achieve a competitive return consistent with board policies.

Accounts/Account Number(s)

An accumulated principal account and accumulated earnings accounts are maintained for each endowed fund.

Accessing Endowed Fund Account Balances

At any given time, parishes can access their endowed fund balances, see transaction details, and generate reports through DOGR Connect in the Deposit & Loans System (DLS). Note: Endowed funds are not part of the Deposit & Loans Program, but the Deposit & Loans System is used to track account balances and transactions.

Contact Information for Endowed Funds

Catholic Foundation of West Michigan
360 Division Ave. S., Ste. 3A, Grand Rapids, MI 49503
Phone Number (616) 333-1640
Fax Number (616) 551-5634

Primary contact:

Erinn Hill, donor stewardship officer
(616) 459-4508
Email: ehill@cfwmi.org

Alternate contact:

Cheryl Copenhagen, Finance Office
Diocese of Grand Rapids
(616) 245-3047
E-mail: ccopenhagen@dioceseofgrandrapids.org

Deposit Procedures

Initial Deposit

An initial minimum gift of \$5,000 must be received with a signed agreement to establish an endowed fund. A principal balance of at least \$25,000 is required before a parish, school, or ministry can receive its annual distribution.

Additional Deposits

Once an endowment is established, gifts can be made of any amount. Donors can give directly to the Catholic Foundation for the endowed fund or can give to the parish for them to transfer to the endowed fund.

Deposits from Parishes

Deposits from a parish should be made using the deposit transmittal form (Appendix A). The form should be transcribed onto parish stationery and signed by the pastor. Checks should be made payable to "Catholic Foundation of West Michigan."

Deposits should be sent to:

Catholic Foundation of West Michigan
360 Division Ave. S., Ste. 3A
Grand Rapids, MI 49503

Investment Earnings

Schedule of Earning Distributions

Investment earnings are credited to participant fund accounts semi-annually as of June 30 and December 31. Parish business managers are informed when the investment earnings, or loss, is credited to their account. By logging into DOGR Connect and the Deposit & Loans System (DLS), business managers can view the earnings and adjust their parish records accordingly.

III: The Mechanics of Your Parish's Endowment (Cont.)

Statements

Statements are sent semi-annually by the Catholic Foundation – after the June 30 and December 31 investment allocations are posted – to pastors and individual fund contacts, if applicable.

Distribution

Maximum Annual Distribution

The maximum annual distribution to participants during a fiscal year, beginning July 1, equals 4% of the participant's average account balance (principal plus accumulated earnings) as of the previous June 30, using a 3-year rolling average calculation. The endowed fund principal account must have a minimum balance of \$25,000 before distributions will be granted. If you need to verify the available amount for distribution for an endowed fund, please contact Erinn Hill.

Requesting a Distribution

Distributions are available at any time, subject to the maximum annual distribution amount, by the written request of the pastor. Requests must comply with the fund's documented purpose. Submit requests using the distribution request form (Appendix B) transcribing onto parish stationery and signed by the pastor. The form can be submitted by mail, fax, or email to Erinn Hill (primary contact).

Funds will be transferred electronically, via ACH processing for next business day credit to the parish bank account. Please contact your bank for the appropriate bank routing number used for ACH transfers. Provide the routing number and the parish checking account number on the withdrawal request form and attach a copy of a voided check for this account.

Deadline to Request a Distribution

The deadline to request a distribution in a given year is June 30. If the allowed annual distribution is not taken by that date, the distribution will be re-invested in the fund. The available distribution amount for the next year will be re-calculated based on the maximum annual distribution policy.

Reporting on Distributions

Sharing Impact of Distributions

Parishes are responsible to share with the Catholic Foundation, and with their parish or school community, the impact of their endowment's distribution(s). All organizations who take a distribution from their endowed fund are asked to report on how the funds were used and the impact it had.

Within a year of taking the distribution, the Endowed Fund Distribution Report form (Appendix C) should be completed and returned to the Foundation. Stories of impact from distributions may be featured in the Foundation's annual report, print or e-newsletters, and/or on social media.

IV. Marketing Your Endowment

The Why

See the Bigger Picture and Bring your Parish Along

It is understandable that the parish's ultimate goal is to grow the endowment through additional donations and planned gifts. However, there are many steps required of a parish to best position the endowment before it can grow. Namely, effectively "marketing" the fund – communicating in a manner that engages and inspires your parishioners – is essential for its future growth.

Keep in mind the best approach when communicating with your parishioners is through a combination of left-brain strategies (logic, facts, numbers, written articulation, etc.) and right-brain strategies (feelings, spirituality, beauty, stewardship, etc.). To this end, it may be helpful to refer back to the language in Section 1: Committing to the Future and adapting it for your purposes.

Effectively marketing your endowment has the following benefits:

- it becomes a celebration of your mission and ministry
- it provides evidence of your vitality and impact
- it provides transparency that the funds are being used for their intended purpose
- it inspires donors to (continue to) financially support your ministry
- it may be the single-most important tool for effective donor stewardship

Examples of key messages:

- Supporting our endowment is the best way to ensure the health of our parish's mission for years to come.
- Contributing to our endowment is a way to be a good financial steward of God's gifts.
- Supporting our endowment is a way to help meet today's needs while helping build long-term strength.
- Supporting our endowment is a great way to contribute to the long-term stability and financial viability of our parish.

The Who

Overseeing the Marketing Plan

Determine who will be responsible for overseeing and implementing the marketing plan.

Parish Staff: Identify members of the parish staff who will help oversee and implement the endowment marketing plan.

Endowment Committee: Is it appropriate to form an Endowment Committee? Some parishes opt to have an Endowment Committee made up of parish staff and volunteers who oversee how distributions are spent, the marketing of the fund, and engaging key constituents of the parish. A committee can provide accountability and transparency, coordinate volunteer help, garner input about what parishioners are thinking, and help execute tactics.

The What

It's all about sharing!

STEP 1 – Start with the Basics

Most likely, parishioners and staff will have to be educated about what an endowed fund is and how the parish benefits from it. Start with the basics from the information provided in this toolkit.

STEP 2 – Share the History

Share the details of the fund's history.

- What is the official name of the fund?
- When was it founded?
- Who was pastor at the time?
- What is the stated purpose?
- If the fund is named after someone or a family, (briefly) tell his/her/their story.
- In what ways have contributions been given to the fund (e.g. parish surplus, memorial gifts, a major gift program, bequests/legacy gifts, etc.)?
- If applicable, recap the recent giving history to explain how the fund has grown.
- Share a timeline of the fund's major milestones.

Find ways to make the endowment's history relevant to today.

IV. Marketing Your Endowment Fund (Cont.)

STEP 3 – Share the Numbers

Assuming the fund was established by the entire parish community (and not a specific family), be transparent!

- What is the balance?
- In what amount is the most recent distribution to the parish?
- How does this distribution compare to the largest fundraisers that are familiar to your parish (i.e. auction)?
- Remember to report donations in the aggregate or cumulatively, never by individual donors.

Let your parish community know this amount not only arrives each year, but grows each year. Give a sense of its scale. The distribution may very well be one of your largest “fundraisers” or one of your top sources of revenue.

STEP 4 – Share the Impact Story

Quite possibly the most powerful tool we have to build connections and affect hearts is through storytelling. Stories make our work – and people’s giving – human. They give us the power to connect emotionally on our shared values and to see God’s hand at work. Remember, those who give ‘grasp the fact that they are no less than God’s co-workers’ (1 Cor. 3:9) with their own unique role in His creative, redemptive, and sanctifying work.

Considering the following questions to help write your endowment’s impact stories:

- How were the funds used?
- Who benefited from the distribution?
- Did the distribution sponsor or underwrite a particular event, program, or ministry? What were the outcomes?
- If the funds went toward tuition assistance, can you highlight a particular student/family? Names may be altered if the student/family would like to remain anonymous.
- How was the endowment a blessing that served a particular need or improved/expanded a service?
- If your endowment’s purpose is as broad as “supporting the general operation of the parish” and the distribution simply goes toward the bottom line, identify a unique story within the past year that best reflects your parish’s vitality. What is “brag-able” that you want others to be proud of?

Best practice in fundraising is to share frequently and through multiple means how the annual distribution was used. Strong transparency and communication gains donors’ trust and confidence, which leads to more and increased gifts. Evaluate how transparent and communicative your parish is about your endowment’s distribution and determine what steps you can take to improve. This is an important growth area for many parishes.

Sharing Your Stories with the Catholic Foundation

At the Catholic Foundation, we want to help spread your stories too. To help promote the good you are doing, we want to share the stories behind your endowment’s annual distribution. All organizations who take a distribution from their endowment are encouraged to report – both to the Foundation and to your parishioners – how the funds were used to advance your mission.

STEP 5 – Share the Opportunities to Participate

If the fund is marketed, transparent, and positioned well, you will likely see an increase in interest from your parishioners. Be prepared to capture that interest and turn it into participation.

- Identify a point of contact for those wanting more information. This person can be at the parish or you are welcome to refer them to the Catholic Foundation.
- Is there a major gift program or legacy society at the parish?
- Does the parish offer legacy/planned giving workshops?
- Is there a special appeal for the endowment?
 - During Catholic Schools Week?
 - A “paddle raise” at the auction?
 - On a special date associated with the founder or fund’s namesake?
 - Giving Tuesday

IV. Marketing Your Endowment (Cont.)

The How: Tactics

One of the great advantages your parish has over the Catholic Foundation and most other non-profits is the amount of contact you have with your parishioners – your donors and prospective donors.

Below are some tactics that can help raise awareness of and increase gifts to your endowment fund. Remember to crawl first. Then walk. Then run. Endowed funds will be here in perpetuity after all!

TIER 1:

- Develop an Annual Calendar for marketing/communicating about your fund
- Include stewardship reflections in Weekly Bulletins
- Include messages of generosity, joy, abundance, etc. during Prayers of the Faithful during Mass
- Educate your parish staff and parishioners about your endowment e.g. include informative articles in bulletins (weekly, monthly, quarterly, or semi-annually), school newsletters, if applicable (semi-annually or annually), and other channels
- With the family's consent, encourage memorial gifts at funerals be directed to the parish's endowed fund in memory of the deceased

TIER 2:

- Establish a donor stewardship plan and review gift acknowledgement procedures
- Consider using the fund's annual distribution to sponsor a popular parish event that raises the endowed fund's profile.
- A one-time mailing to your parishioners introducing the endowment, it's purpose and role, opportunities to learn more, call to action, etc.
- Establish an Endowment Committee or recruit volunteers to be ambassadors for the endowment
- Start a special collection weekend for the endowment fund

TIER 3:

- Issue personal letters from church leadership
 - Establish a "Giving Circle" (those who make a gift annually to the endowment or wish to set up their own endowment)
 - Establish a "Legacy Society" (for those who have left and those who commit to leaving a gift to the parish's endowment upon their passing)
- Create and share an Annual Report (financial) for the parish community
- Create and share an Impact Report (description, quotes, picture, etc.) on how the fund's distribution was a blessing
- If your parish is financially healthy, reinvest a percentage of annual offertory or a portion of the parish's surplus into the endowment
- Host/promote workshops: financial planning, estate planning and tax advantages of certain gift types, etc.

Conclusion

Marketing the endowment fund is vital for its growth. By sharing the impact of the endowed fund and appropriately thanking donors, you are being good stewards, which will encourage more and increased gifts.

The Catholic Foundation is here to help your parish endowment flourish. Foundation staff is available to consult with pastors, parish staff, and your donors to help further your mission today and sustain your faith-filled work for years to come.

V. Giving to Your Parish's Endowment

There are many different ways for a donor to contribute to the parish endowed fund. Each giving vehicle is unique in what it does, the tax advantages it offers, and the most appropriate time to use it. The following lists the most popular ways to contribute to an endowment fund and some of the advantages of each.

This information is intended to provide general guidance and is not a substitute for professional counsel. Donors should consult a tax or financial advisor for professional guidance.

How To Make a Gift

For a parish or parish school endowed fund, gifts can be made to:

- The parish and transferred to the Catholic Foundation for the endowed fund
- The Catholic Foundation for the specified parish endowed fund: The Catholic Foundation acknowledges and receipts direct gifts to endowed funds and informs the beneficiary organization (parish) of the gift.

TYPES OF GIFTS

Gifts of Cash

A gift of cash is defined as cash, check, and credit card donations. Donations of cash should be encouraged by multiple means such as by mail, in envelopes as part of the parish's weekly or special collection, and online.

Stock

Donating stock is a great way to support an endowed fund. Making a gift of securities is simple and offers a number of valuable financial benefits:

- The total value of the stock upon transfer is tax-deductible
- There is no obligation to pay capital gains taxes on the appreciation

IRA Charitable Distribution

By giving a qualified charitable distribution from an IRA directly to charity, donors do not have to claim the distribution as taxable income.

A qualified charitable distribution can satisfy all or part of a required minimum distribution an individual may have to take from their IRA.

Gifts From a Donor Advised Fund

Whether the donor advised fund (DAF) is at the Catholic Foundation or elsewhere, fund holders can recommend grants from their DAF to the parish's endowed fund.

Honorary and Memorial Gifts

Donors can remember a friend or family member and/or honor the life of a particular person who made a special impact on them. Gifts will serve as a testament of the love, respect, or appreciation for the special individual(s) and can create a new fund or give to an existing fund.

Planned Gifts

When it comes to making a long-term impact on the Church, there are many giving options for donors to choose as they consider what becomes of their assets upon their passing. The Catholic Foundation can be particularly valuable to your parish when dealing with non-cash assets.

Bequests

A bequest is generally a revocable gift, which means it can be changed or modified at any time by the donor. They can choose to designate a bequest for a general or specific purpose. Bequests are exempt from federal estate taxes if gifted to a charity. The estate tax charitable deduction may offset or eliminate estate taxes, resulting in a larger inheritance for heirs.

Bequests are most often provided by simple language in one's estate plan. Donors would work with their attorney to plan the structure of the gift. The attorney can then add bequest language to their will or trust.

Bequest options include:

Specific Bequest: A specific bequest involves making a gift of a specific asset such as real estate, a car, other property or a gift for a specific dollar amount. For example, a donor may wish to leave their home or \$10,000 to benefit the endowed fund.

V. Giving to Your Parish's Endowment (Cont.)

Percentage Bequest: Another kind of specific bequest involves leaving a specific percentage of your overall estate to charity. For example, a donor may wish to leave 10% of their estate to benefit your endowed fund.

Residual Bequest: A residual bequest is made from the balance of an estate after the will or trust has given away each of the specific bequests. A common residual bequest involves leaving a percentage of the residue of the estate to charity. For example, a donor may wish to leave 30% of the residue of their estate to benefit the endowed fund.

Contingent Bequest: A contingent bequest is made to charity only if the purpose of the primary bequest cannot be met. For example, a donor could leave specific property, such as a vacation home, to a relative; however, the bequest language could provide that if the relative is not alive at the time of the donor's death, the vacation home is intended to go to the parish with the proceeds from the sale benefiting the endowed fund.

Sample estate language would be

I/we hereby give, devise and bequeath (dollars/percent) of my/our (total estate, IRA, etc.), determined as of the date of my death, to _____ as a gift to their permanently-endowed fund at the Catholic Foundation of West Michigan, a nonprofit organization located at 360 Division Ave, Grand Rapids, MI, 49503, Federal Tax ID # 38-3298981.

Beneficiary

Naming the endowed fund as a beneficiary of their retirement assets is often as simple as the donor completing a beneficiary designation form provided by their retirement plan custodian. Benefits of a beneficiary gift include avoiding potential estate tax on retirement assets, heirs avoid income tax on any retirement assets funded on a pre-tax basis, and the estate can receive tax savings from an estate tax deduction.

Donors should consider naming a charitable beneficiary on their:

- IRA
- 401(k) or 403(b)
- Or other retirement accounts

Life Insurance

To make a gift of life insurance, donors request a beneficiary designation form from their insurer and include a charity as the beneficiary of their policy. Once the policy matures, the proceeds of their policy will be paid to the organization.

The Catholic Foundation is here to help your parish endowment flourish. Foundation staff is available to consult with pastors, parish staff, and your donors to help further your mission today and sustain your faith-filled work for years to come.

*(ENDOWMENT DEPOSIT TRANSMITTAL FORM -
TO BE TRANSCRIBED ONTO PARISH STATIONERY)*

Date

Catholic Foundation of West Michigan
360 Division Ave. S., Ste. 3A
Grand Rapids, MI 49503

Please process a deposit to the endowed fund indicated below:

Parish/Fund name: _____

Account number: _____

Amount: \$ _____

Please feel free to call the parish at _____ if you have any questions.

Sincerely,

Pastor

*(ENDOWMENT DISTRIBUTION REQUEST FORM -
TO BE TRANSCRIBED ONTO PARISH STATIONERY)*

Date

Catholic Foundation of West Michigan
360 Division Ave. S., Ste. 3A
Grand Rapids, MI 49503

Please process a distribution from the endowed fund indicated below:

Parish/Fund name: _____

Account number: _____

Amount: _____

How will the disbursement be used (this must align with the funds defined purpose):

Please transfer the funds electronically to the parish's bank account indicated below (I have attached a copy of a voided check for this account):

Name of bank _____

Bank routing number _____

Checking account number _____

Please feel free to call the parish at _____ if you have any questions.

Sincerely,

Pastor



CATHOLIC FOUNDATION
of West Michigan

Endowed Fund Report

At the Catholic Foundation, we want to help promote the good you are doing through your endowment by sharing your stories. Quite possibly the most powerful tool we have to build connections and affect hearts is through storytelling. They give us the power to connect emotionally on our shared values and to see God's hand at work in our lives. All organizations who take a distribution from their endowment are encouraged to report – both to the Foundation and to your parishioners – how the funds were used to impact your mission. We should share these stories because:

- They are a celebration of your mission and ministry
- They provide evidence of your vitality and impact
- They provide transparency that the funds are being used for their intended purpose
- They inspire donors to (continue to) financially support your ministry
- They are crucial for effective donor stewardship

Your stories may be featured in the Foundation's annual report, print or e-newsletters, and/or on social media. Please complete this form for each endowed fund that took a distribution.

Parish/School Name: _____ **City:** _____

Fund Name: _____ **Account #:** _____

Distribution Amount Taken: \$ _____

Sharing the Impact:

Attach a brief summary of how the funds were used in accordance with the fund's purpose. A fully developed story is not necessary. This information will be used by Foundation – and hopefully parish staff – for further development. Considering the following questions may help your response:

- How were the funds used?
- Who benefitted from the distribution?
- Did the distribution sponsor or underwrite a particular event, program, or ministry?
- If the funds went toward tuition assistance, can you highlight a particular student/family? Names may be altered if the student/family would like to remain anonymous.
- How was the endowment a blessing that served a particular need or improved/expanded a service?
- If your endowment's purpose is as broad as "supporting the general operation of the parish" and the distribution simply goes "toward the bottom line," identify a story within the past year that best reflects your parish's vitality? What is "brag-able" that you want others to be proud of?

Photos are encouraged. If you have photos to go along with your summary, please attach them.

ENDOWED FUND REPORT

Quote from the pastor, a staff member, or parishioner on how the distribution made an impact.

We strongly encourage you to share your endowment's impact with your parish and/or school community. If you have shared or plan to share this information, please let us know.

Contact information:

Contact Name: _____ Title: _____

Phone Number: _____ Email: _____

Thank you for completing this report. By sharing these stories, we are acting as good stewards of our resources, which can inspire greater generosity in others to advance your mission.

For Internal Use Only:

Date Received: _____

Used: _____

Frequently Asked Questions – From Donors

The purpose of the following document is to provide general information in response to questions you may have or may receive from potential donors. It is not intended to provide specific advice or recommendations for any individual. We suggest that donors consult with their attorney, accountant, or tax advisor with regard to their personal situation.

How should I make a sizable gift to the parish? How can I make an impact or leave a legacy? How do I include the parish in my estate plans?

When parishioners ask questions like these, the Catholic Foundation can help the donor(s) create a personal giving plan. We will work with them to support their intent in giving to your parish.

1. Do I need a will?

Most likely. Without a will, the laws of the state will determine who will receive your assets and who will manage your estate. As a result, the state may not include all of the persons or charities you would like to support. A will allows you to appoint a guardian for your minor children (if applicable), choose a representative to carry out your wishes, and determine the destination of your estate assets.

Making a charitable bequest (i.e., giving assets to charity through a will or living trust) is a simple way to make a planned gift. The donor states in his or her will the amount or percentage of assets that are to pass to a designated charity. The donor receives an estate tax deduction for the amount of the bequest. There is no limit on the amount that can be deducted for estate tax purposes.

Some may wish to designate their parish or favorite charity as the “residual beneficiary” of their estate. After they have designated specific amounts to children, friends and other charities, they may wish to identify the parish as the residual beneficiary to receive the balance of their estate after all other distributions have been made.

2. What is planned giving?

“Planned giving” means mapping out a plan for your assets upon your passing. Many individuals undertake a giving plan to decide how to transfer their estates to the institutions and people they want to benefit from a lifetime of hard work. In

addition to fulfilling their charitable goals and expressing (financially and spiritually) their gratitude to God, donors may receive tax benefits and lifetime incomes through several types of tax-favored plans. Planned giving takes many forms and is tailored to meet the needs and goals of the donor.

3. Can I receive a charitable income tax deduction for making a gift of securities?

Yes. In fact, if your securities (stocks or bond funds) have appreciated since you first bought them and if you have owned them more than a year, you can gift them to charity without paying capital gains tax.

Here’s a hypothetical example of how this could work:

Jane Anderson bought \$3,000 of stock in Acme Food Company. Six years later, the stock is worth \$8,000. She would like to make a gift to her parish’s mission fund in South America. She could sell the stock, which would net her \$7,250 in a 15% capital gains tax bracket. She could then give this money to her parish and be entitled to an income tax deduction of \$7,250.

If Jane had given her parish the stock directly instead of the cash, the result would have been more favorable. The parish could have sold the stock for \$8,000 and would not have had to pay any capital gains tax. Plus, Jane would have received a charitable income tax deduction of \$8,000 (the full, fair market value of the stock), even though the total cost of the gift to her would have been only \$3,000 (her original cost basis).

4. How can I ensure that my assets go to my heirs rather than to the IRS?

There are three places your money and assets can go after your death: your heirs, a charity or the government. By planning carefully, you can control how much goes to whom. You can leave as much as you want to your spouse without paying estate taxes (the marital deduction). In addition, you can ensure that the IRS gets less of your estate by making charitable gifts. The charitable estate tax deduction is unlimited.

If you have a sizable estate, consider how charitable giving can shrink your estate for tax purposes. It provides an

Frequently Asked Questions – From Donors (Cont.)

opportunity for you to support the causes that are important to you rather than supporting the causes important to the U.S. government via the IRS. You do not have a choice about whether to give your estate away, but you do have a choice about who will ultimately receive it.

5. What are the benefits to leaving my qualified retirement plan assets to charity?

Here's one example: If you leave your qualified-plan balance to someone other than your surviving spouse or charity, it could be subject to exorbitant income and estate taxation. The amount of tax depends on the size of your plan and the marginal income tax bracket of the beneficiary. The reason for this excessive taxation is that Congress intended the plans for retirement, not inheritance.

Many people find that they do not need the retirement income that these plans provide, so they let their plans continue to grow tax-deferred. If you have planned to leave your qualified assets (and nonqualified tax-deferred assets such as nonqualified annuities) to children or others, you may want to examine the potential tax implications. One alternative could be to name a charity as the beneficiary of the assets, thereby avoiding all income and estate taxation and providing a benefit to your community.

6. What are the benefits of making a charitable gift through my will?

Charitable bequests (i.e., assets given through a will) provide substantial tax benefits and may be the most appropriate charitable giving technique for a person who is charitably inclined and yet wants to retain control of the assets during his or her lifetime. A donor who makes a bequest to a charity will be entitled to a charitable estate tax deduction for the value of the charity's interest, effectively removing the value of the gifted asset from the donor's estate.

Charitable bequests may be made in a variety of ways. The simplest way is to make an outright bequest of an entire asset. In return, the donor's estate will get a deduction for the fair market value of the asset on the date of death. However, a donor may also make a bequest of a partial interest in an asset (such as a gift to a charitable remainder trust). The donor's estate will receive a deduction for the present value of the charity's interest in the asset. No matter which technique is used, the tax advantages to the donor can be significant.

Frequently Asked Questions – From the Parish

1. Why should we open an endowed fund?

An endowment is important because it provides an ongoing source of income every year, enhances stability and prestige, relieves pressure on the annual fund / offertory, builds a pipeline of future gifts, and encourages a greater dimension of stewardship in your parish.

2. Why should we partner with the Catholic Foundation?

We're invested in your success.

Simplicity & Ease – The Catholic Foundation manages the administrative aspects of the fund while you simply receive the proceeds.

Shared Values & Investment Expertise – The Foundation's investments are managed by a professional, experienced team to maximize returns according to the USCCB and MCC guidelines for socially-responsible investing. By pooling assets, we gain access to top managers and exclusive asset classes while driving down costs for our partners.

Visibility & Marketing – The Foundation promotes your fund through the Catholic Foundation's annual report, newsletters, website and donor portal.

Helpful Support – We believe your financial success means a stronger faith community for all of us. We can be a resource to you and your supporters, helping your mission thrive.

Peace of Mind – As an independent 501(c)(3) organization, the Catholic Foundation's funds are protected from potential liabilities. Our structure ensures the specified growth and lasting legacy of our Catholic community.

3. Can we choose an investment manager to manager our endowed fund at the Foundation?

No. The Foundation manages the assets through the investment and distribution policies established by the Board of Trustees.

4. Do we need the full \$25,000 minimum to establish an endowed fund?

No. An initial minimum gift of \$5,000 must be received with a signed agreement to establish an endowed fund. There are several paths to building the principal to \$25,000 within a 10-year period. Contact the Foundation to learn more.

5. What is the relationship of endowed funds to the Diocese of Grand Rapids? To the Deposit & Loans Program?

As an independent 501(c)(3) organization, the Catholic Foundation's funds and other assets are entirely separate and distinct from the Diocese of Grand Rapids, including the diocesan Deposit and Loan program. The Catholic Foundation invests and stewards assets for the benefit of Catholic causes throughout West Michigan.

The Deposit and Loan program acts as the diocesan "savings" in support of the operations for parishes, schools, and ministries. Its primary functions are to provide for excess cash holdings and loan collateral during major capital expenditures. Monies deposited to the D&L program are fully redeemable by the parish and held in a conservative savings account while providing the parish an above market return. The Deposit and Loan System (DLS), meaning the software program, is also used to track endowment accounts and balances.

6. Can we touch the principal account if our parish or school has a great need? Or, can we take a loan out from our endowed fund?

No. These funds are considered permanently-endowed and cannot be accessed beyond the annual distribution.

Frequently Asked Questions – From the Parish (Cont.)

7. What happens to the endowed fund if the school closes/parish merges/parish is clustered?

Upon establishing an endowment, each donor (which may be the pastor on behalf of the parish) is required to identify a successor beneficiary if the original intent of the endowment ceases to exist. If, in the future, circumstances render the use of the endowment for the purpose set forth in the agreement impractical or impossible, then the Fund's distributable funds shall be used for support in such a manner as the Foundation's Trustees may reasonably determine, keeping in mind the original intent of the donor(s).

8. Can the Catholic Foundation handle the gift accepting and acknowledging for our endowed funds?

While many parishes choose to have gifts directed to them and then make deposits to their endowed fund(s), donors can also direct their gifts directly to the Catholic Foundation and specify which fund they would like to support. The Foundation would then handle the gift process, donor acknowledgement, and inform the parish of the gift on fund statements.

9. Where should gifts be sent for an endowed fund?

- **To the parish –**
 - Parishioners can give through any means available through your parish such as gift envelopes and online donations. Many parishes establish a monthly schedule of sending a deposit to the Catholic Foundation of gifts they have received designated to their endowment(s).
- **To the Catholic Foundation –**
 - **Give Online:** Donors can make a gift at any time online by credit or debit card at catholicfoundationwmi.org. Selecting "Other" as designation, they can type in the endowment name.
 - **Send a Check:** Make a gift using a check or money order made out to: Catholic Foundation of West Michigan. In the memo line include the endowment name.

Mail to:

Catholic Foundation of West Michigan
360 Division Ave S
Grand Rapids, MI 49503

- **Donate Stock:** Donating stock and mutual fund shares is a great way to support an endowment fund. Donors should contact the Foundation for instructions.
- **Non-cash Assets:** Donors should contact the Foundation.

10. Can someone else talk to an interested parishioner about gift types and legacy options?

The staff at the Catholic Foundation is available to talk with your parishioners to help them create a personal giving plan that honors their intentions.

11. Our parish/school has a foundation. Can we move our assets into an endowed fund at the Catholic Foundation?

Yes. Contact our office to start the process or learn more.

12. Are there any other fund options through the Catholic Foundation?

At this time, excess monies from parishes/schools can be held in the diocesan Deposit and Loan program or used to establish/grow an endowment with the Foundation. Other charitable funds are available to donors only.

13. How do we know how much we can take from our endowed fund?

The maximum annual distribution to participants during a fiscal year, beginning July 1, equals 4% of the participant's average account balance (principal plus accumulated earnings) as of the previous June 30, using a 3-year rolling average calculation.

Business managers are emailed the available distribution amount after the June 30 investment allocations are posted, often times in mid-August. The distribution can be taken any time before the fiscal year close of June 30. If throughout the year you have questions about your available distribution amount, contact Erinn Hill at (616) 459-4508 or ehill@cfwmi.org.