

ENDOW YOUR PLEDGE

Pastor's Guide

WELCOME TO THE ENDOW YOUR PLEDGE PROGRAM

This guide will walk you through the process of creating an endowment, and discuss possible financial instruments for creating a lasting gift.

WHY YOU NEED TO ASK MEMBERS OF YOUR CONGREGATION TO ENDOW THEIR PLEDGE

As you look out on your congregation each Sunday from the pulpit, the hard truth is that some of your most supportive members may not be around much longer. This is true in nearly every congregation in America. We see it time and again: 80 percent of the funding for a church is typically provided by 20 percent of the congregation.

For both you and for those top donors in your congregation, **Endow Your Pledge** is a concept that can bring peace of mind. Once achieved, it can leave you freer to minister in important ways that are impactful and important to your congregation.

Gift Scenarios

Congregation members need to set up a fund with 25 times their annual pledge to ensure that their pledge will go on forever. We've provided the chart below to help you envision how much is needed.*

ANNUAL PLEDGE	X 25	APPROX. ENDOWMENT AMOUNT
\$ 4,000		\$ 100,000
\$ 8,000		\$ 200,000
\$ 20,000		\$ 300,000
\$ 40,000		\$1,000,000

**Calculated at 4% endowment payout effective in 2027*



YOU NEED TO KNOW WHO GIVES, AND HOW MUCH

It is critical for you as a pastor to know who gives and how much. This knowledge is an essential part of operating your church and ensuring it is stable and healthy financially. In many churches that we work with, pastors do not know this data, and are often shocked when they learn that 25 percent or more of their annual budget is coming from one donor who is in their 80s, or that 50 percent of the church budget is funded by a handful of donors who are between ages 70 and 100. Keeping updated on this information about your church is part of guiding your congregation and preparing for the future.

Knowing who pledges and how much also allows you to better sense needs and spiritual issues in your congregation. If someone suddenly stops giving entirely, or significantly decreases their pledge, learning why can become an issue of prayer and concern for you. You may be able to

lift them up in prayer, deliver meals while they are struggling with a health issue, or even help them handle a devastating loss. It is just as important to know why a member of your congregation drastically increases their pledge. Do they have good news to share? Or was there a death in the family? Or perhaps they've sold their business?

When evaluating who might be good candidates for the Endow Your Pledge program, you'll need to know who gives, and how much. Start with this: Who are the donors whose gifts are so necessary your entire church would be in jeopardy if they stopped giving today (or at the very least you'd have to re-evaluate programs)? These are people who clearly believe that supporting their church is important, and the concept of leaving an ongoing legacy may appeal to them. They are excellent candidates for the Endow Your Pledge conversation.



KNOWING YOUR VISION

Once you've decided whom to approach, it's important to articulate what you see as the future of your church. You're appealing not only to their love for the church today, but also to their confidence that the church should and will continue to be here for generations to come. What hopes, dreams, and vision has God given you and your elders for the congregation's future?

Be ready to share all those aspirations. You'll need to show what can be accomplished – with their help.

WHY THE FOUNDATION?

The Presbyterian Foundation has centuries of experience helping donors fund their churches and related ministries. We were established in 1799 and opened our first permanent endowment in 1821. It still provides funds for mission today! We currently steward more than 7,000 endowments for congregations across the country, and ministries around the world.

Our Ministry Relations Officers (MRO) are experts in planned giving, church funding, and sustainability. They are available to walk with you throughout this process, and to help you tend to your congregation's financial health and well-being.

Call us today at **800-858-6127** or visit presbyterianfoundation.org/mro to learn more.

HOW A DONOR ENDOWS A PLEDGE

In its simplest form, a member establishes an endowment that provides annual income equal to their current pledge. They set the terms and any restrictions on the endowment and determine how and when to fund it. Typically, a gift of approximately 25 times their current pledge would create such an endowment. A \$25,000 gift is the minimum necessary to participate in the program.

If a member of your congregation wants to endow their pledge, they can leave a gift establishing the endowment in their estate documents. It is also extremely important that the member discuss their desires with their family, estate executor, their attorney, and anyone else involved in their financial affairs. They may also choose to establish this endowment during their lifetime. Legislation within the past five years allows charity-minded donors to donate up to \$100,000 tax free from their Individual Retirement Account (IRA) if they are 70.5 years of age or older.

Another option that appeals to many is leaving the proceeds from a life insurance policy to an endowment. A \$1 million life insurance policy, for example, would fund a generous endowment upon the donor's death. There are other planned giving options as well to achieve a similar outcome. The Presbyterian Foundation offers particular expertise in this area and will work with you and your donors throughout the process.



An Example From a Church

The Presbyterian Foundation works with numerous PC(USA) congregations for whom long-term viability is in question. It is not unusual for a smaller congregation to be dependent upon a few members to fund its ministry. The impact of members' providing for continuing giving is dramatic: In one situation in which the Foundation was involved, "Harriett," a lifelong Presbyterian living in the Carolinas, chose to amend her estate plan to provide for her church after her lifetime.

Following Harriett's death, the leaders of her congregation were concerned that they would be unable to afford the church's salaries and were preparing to eliminate a staff position. Foundation personnel had the happy duty of notifying the Session that Harriett's generosity would continue to benefit her beloved church, and that her annual pledge would be maintained in perpetuity.

STARTING THE CONVERSATION

Discussing wills, funerals and other end-of-life issues can be difficult for almost everyone. You may feel reluctant to broach the subject with members of your congregation. But, you, as a pastor, have a special role in the lives of your members. They trust you to assist them through the worst of life's difficulties, and to guide them through challenging conversations.

This includes discussing arrangements for their own future and for the life of the church in the coming decades. Building toward this conversation is an expression of gratitude. In every stewardship season, your church and you personally should be taking every opportunity to thank the congregation generally and to thank those individually who sustain the church. Spending time with a member who is especially generous follows naturally in that path.

The Presbyterian Foundation's Ministry Relations Officers can accompany you on this visit to help answer the donor's questions. They can be particularly useful in helping donors think through what such a gift might

look like, and helping you start the conversation. Here's a good question to launch the conversation: "I've been asking our donors who taught them about living generously. Was there a person in your life who modeled generosity for you? I'd love to know. I'm always fascinated with how people pass down their legacy to others."

This conversation gives you an opportunity to discuss their own legacy, what might happen next in their lives, and how they want to be remembered. You can ask if they've ever considered a planned gift to the church. Explain that a gift endowing their pledge allows their annual stewardship gift to be received in perpetuity.

Such conversations can be intimidating. Your Ministry Relations Officer from the Presbyterian Foundation can help. Visit presbyterianfoundation.org/mro to find out which Ministry Relations Officer serves your region.



FINISHING THE CONVERSATION

Once you've begun talking to a member of your congregation about the Endow Your Pledge program, it can be hard to know how to complete the conversation.

We advise pastors to allow at least a month to pass before revisiting the topic if the church member doesn't initiate it again. Such decisions can take as long as a year as the donor works with their attorney, financial advisors, and your Ministry Relations Officer to make decisions and structure the gift.

Keep in mind that while some may be very excited that their gift will live on in perpetuity, others may feel that they would like to make a more limited gift providing a transition time for new donors to step up and support the church. In those cases, the congregant may set up a fund that gives a set amount each year for a period of years and then is depleted. That gives you and your stewardship team adequate time to prepare and build up giving in other ways to replace their generous contributions.

STEPS IN A SUCCESSFUL PROGRAM

1. Know your church's risks.
2. Know your vision.
3. Talk to your Ministry Relations Officer.
4. Set up a meeting with your MRO and the potential donor.
5. Make the ask.
6. Follow through.





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