

Endowment Program

“ensuring the future”



Cokesbury United Methodist Church

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COKESBURY UNITED METHODIST CHURCH ENDOWMENT FUND

By establishing the Endowment Fund the congregation is able to further its mission by laying a financial foundation upon which, with God's help, we can use our gifts and offerings for His purposes – now and for generations to come.

Endowment means to provide an income, to make an investment in the future; endowment income is used to enhance and expand the mission and ministry of Cokesbury United Methodist Church not to support its regular operation budget. It presents a means to lay a financial foundation upon which, with God's help, we can use our gifts and offerings for His purposes - now and for generations to come.

The Endowment Fund is open to all and accepts various gifts of any size in honor, in memory, or otherwise. The congregation through the Endowment Fund Bylaws and Committee members decides how to use the income on a year-to-year basis. Specific Named Endowment Funds may be accepted, subject to guidelines, to support specific categories such as: Youth Ministry/Children's Ministry, Music Program, Building and Grounds, Adult Education, Missions, Scholarships, etc.

ENDOWMENTS INVEST IN GOD'S FUTURE An endowment gift is one of the most important aspects of stewardship, because it is an investment in the future, but is often a forgotten part of stewardship programs. To endow means to provide a future income, to leave a legacy, to invest in the future, or to carry on that which we cherish now.

Where does endowment fit into your personal stewardship or the stewardship program of a local church? There are four basic areas to which we give in the local church: the program budget, special causes, the outreach ministry, and endowment. Each is important in the life of the local church. Endowment funds give the financial life of the church an added dimension. They may expand and enhance the work of the church through a music fund, a missions fund, a community outreach fund, a scholarship fund, a library fund, a youth fund, or other emphasis. Such funds may also be used to attract new members or to equip current members for more effective ministry.

At the same time, it is important to note what endowment is not. It is not a means to provide income for the apportionments or the operating budget of the church. That is the responsibility of the current membership.

Today, many churches are benefiting from endowment programs which were established years ago. Other churches have started programs in more recent years. The income from these endowments enhances and expands the mission and ministry of the church. Individuals may make an endowment through gifts of cash or securities or property. Some persons may prefer to establish life income gifts by reserving a certain amount of income during their

lifetime and directing the remainder to their local church. Or, a person may make a gift to a designated or unrestricted endowment fund through a bequest in his or her will, or by making the church the beneficiary of a life insurance policy. There are many opportunities for making endowment gifts, perhaps to memorialize love ones, for Cokesbury UMC.

These pages provide information about different types of charitable gifts and how they can be structured to benefit God's Church and meet the needs and satisfaction of the donor. They are intended to facilitate those wishing to make such gifts and to offer some information and ideas as to opportunities, alternatives, and vehicles for making gifts. They are not intended to provide financial planning, estate planning or tax planning guidelines or to be construed as such. Please consult with your attorney or accountant for such advice.

Please feel free to contact the members of the Endowment Committee, the Church Office, Frequently Asked Questions section of these pages, or the Pastor for specific details on making your gift.

Essentially your endowment fund is several funds under one heading because accounting and tracking of gifts require special handling to insure the donors wishes are fulfilled. The committee strongly encourages the use of Unrestricted gifts to the Fund due to the simplicity involved and ease of applying the income to the overall mission of the Church. However, for those wishing to support specific areas of ministry, additional Restricted gift suggestions are available. While gifts of most any kind and size are welcomed by the fund, some may be restricted by the Bylaws or the ability of the Church to manage or administer the gift.

GIFT OPPORTUNITIES:

Outright Gifts; Cash; Securities; Planned Gifts; Wills – Bequests, Beneficiary Retirement Funds, or Bank Accounts; Life Insurance, Life Income Plans, Charitable Gift Annuities, Remainder Unitrusts, Remainder Annuity

- **OUTRIGHT GIFTS** are one of the most popular opportunities due to the simplicity of an outright transfer. Mostly these consist of cash, shares of stock, bonds, etc. They are usually sold at current market prices and the funds deposited directly into the FUND. It is important to remember that in general it is better to transfer the property directly to the Church. Do not sell the property and donate the proceeds without professional advice or a significant tax advantage may be lost.
- **CASH** is very simple to transfer to the FUND and is tax deductible up to 50 % of the donor's adjusted gross income. If the full amount cannot be deducted in the first year, additional amounts may be carried over into the following year for up to 5 years.
- **SECURITIES** are another simple gift opportunity and they too can be transferred to the FUND. This gift is also tax deductible subject to similar limits (up to 30% per year), length of ownership and may offer more advantages if it is an appreciated asset. Do not sell the security and donate the

proceeds without professional advice or a significant tax advantage may be lost.

- **PLANNED GIFTS** are types of gifts that you “PLAN” now, enjoying the benefits with minimum or no immediate cost to you, but are effectively received by the Church in the future. They are more complex and take professional planning to complete.
- **WILLS - BEQUESTS** are a necessary and inexpensive way to insure that your property is distributed according to your wishes rather than that of the Commonwealth of Virginia or some other state. They may be used to make a contribution to the FUND that may be expressed as a specific sum, as a percentage of the total estate or as the remainder of your estate after other specific bequests have been made. You may wish to name the Church as a contingent beneficiary in case you have no heirs when the will is probated. If your will is up-to-date, you can easily and legally amend it (with a simple codicil) specifying an amount and naming the Church as a beneficiary. The legal entity to receive bequests for the Fund is “Cokesbury United Methodist Church for its Endowment Fund”.
- **LIFE INSURANCE** is another planned gift that is quite easy to do and that might give you great satisfaction of giving a significant amount, while not costing you very much. Many people have policies that are no longer needed for the intended purpose, perhaps providing for family members or insuring dual incomes that may no longer require protection. Gifts of such policies often provide substantial tax relief and enable you to make a larger gift than you thought possible. Often you can gift the policy and receive an immediate federal income tax deduction and you may even be able to deduct future premium payments.
You may choose to purchase a new insurance policy and name the Church as the owner and the Endowment Fund as the beneficiary. Your tax-deductible gift in the amount of the premiums are made to the Church, which pays the premium and maintains the policy. Contact your insurance agent or a member of the Endowment committee for more information.
- **LIFE INCOME PLANS** allow you to make a special gift to benefit the FUND while continuing to enjoy the income these plans will provide. In each plan, assets are transferred to the FUND and, in exchange, the donor receives payments for life. These payments could be made to other individuals, if desired. Upon the individual(s) death, the corpus of the gift would revert to the FUND.
- **CHARITABLE GIFT ANNUITIES** are fixed annuity plans that pay the donor(s) a guaranteed payment for life and upon death the FUND will receive the remaining portion of the annuity. While the rates from a charitable gift annuity are based on the donor(s) age at the time of the gift there are several advantages:
 - .. The donor receives an immediate federal income tax deduction for the gift

value (the amount of the gift less the amount the donor would receive during their actuarial life span)

.. The annuity can be established for a small fee.

.. The gift annuity can be established for two lives.

.. If funded with long-term appreciated securities, there will be a capital gains tax saving.

It is also possible to arrange for a Deferred Charitable Gift Annuity as a retirement program. The donor gets an immediate federal tax deduction when the gift is donated, yet annual payments may be deferred for a number of years. Because the principal compounds between the date of the gift and the date the donor begins to receive the payments, the annuity rate can be significantly higher than with the charitable gift annuity.

FREQUENTLY ASKED QUESTIONS

What is the Cokesbury UMC Endowment Fund?

A fund established by the Church in order to encourage Christian persons to insure the further advancement of the Kingdom of God by gifts, devises and bequests. Today, Tomorrow, and Forever!

Why have such a fund?

The purpose of the Fund is to establish a permanent reserve, the principal of which shall be preserved in perpetuity, and the income from which shall be used to extend the programs of the Church. It provides a means for you to express special thanks to God for blessings and gifts you have received and allows you to return a portion of accumulated assets of your life's work.

Isn't this just another way for the Church to get money?

Perhaps it could be viewed in that light, but it's primary goal is to provide an opportunity, for those who want, to provide a permanent long range sharing or returning of one's God given assets that will be used to help underwrite those needs the giver or the congregation is moved to meet.

Further, it is intended to complete the financial foundation of the church as it complements the Operating Budget and the Capital Improvement Fund by serving a different purpose.

Who is responsible for the Fund?

The Endowment Committee under the guidance of the Charge Conference and the Administrative Council.

Does the Fund have any Bylaws or Rules and Regulations?

Yes, a document "Creating a Permanent Endowment Fund Committee" has been approved by the Charge Conference and serves as the Bylaws.

Where is this Document? Can I have a copy?

Copies are kept by the Endowment Committee and the Church office. This Fund is your fund

and copies of documents and meetings are open to the congregation. You may also download a copy here: [Endowment Charter](#), as well as the [Addendum](#)

How big a gift is required for the Fund?

Gifts of most any kind and size are welcomed by the fund, however some may be restricted by the Bylaws or the ability of the Church to manage or administer the gift.

What about special memorial funds, special gifts, contributions in lieu of flowers, etc. are they included in the Fund?

YES, it is hoped that much of that type contribution would flow into the Fund.

I would really like to make a contribution but I just do not have the cash, is there some way I can help?

YES, first of all contributions do not have to be made in cash or even current income or assets. Please review the information pages or request information from the committee and you will be pleasantly surprised at what you can accomplish!

I would really like to make a gift in honor of my parents but I can't afford it, can you help?

YES, actually the federal income tax laws may permit you to generate additional income as well as make that memorial. Please review the brochure or request information from the committee and you will be pleasantly surprised at what you can accomplish!

How can I be sure that my gift won't be spent right away and not really be a permanent gift?

The Bylaws specify that the purpose of the fund is to establish a permanent reserve, the principal of which shall be preserved in perpetuity, and the income from which shall be used to extend the programs of the Church, or as specified by donors. It also is the policy of the Church to grow the principal so that the original principal gift is not eroded.

How can I be sure that my gift won't be spent as part of the operating budget?

The "Creating a Permanent Endowment Fund Committee" document has specific language pertaining to the use of funds and all gifts are deposited in a separate account.

Can I make a gift through my Will?

YES, if you need to prepare a will just add language to include your gift, or if you have a will it may be amended rather simply and inexpensively. Contact your lawyer or request information from the committee.

I would really like to make a gift but at my age I have concerns about not having enough resources to last, how could I help?

There are several very safe ways, you could simply add the church as a beneficiary owner of a bank account or use any "remainder" type gift. (A gift that leaves a portion of what resources remains in your estate)

I would like to make a gift toward the purchase of a church bus, shall I make this gift to the fund?

NO, this special need and other non-permanent needs are managed by the church through the Finance Committee or the Capital Campaign.

This all sounds so complicated, can you just tell me how I can help without all these complications?

YES, just ask a member of the committee to meet with you at a convenient time. They will discuss your interests and assist you in deciding what you want. Then, if you wish, they will arrange for meetings with professionals that can help implement your wishes.

I would like to know more about wills, financial matters, estate planning, etc., can you help?

YES, members of the committee are quite willing to help you find the answers you need.

Can a company or foundation donate gifts to the Endowment Fund?

YES, they would follow basically the same procedures.

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Establishing a Named Endowment Fund

Name of Fund: _____
Purpose of the fund: _____

Initial investment: Amount: \$_____ Date: _____
Cash: _____ Securities: _____ Property: _____

Timetable for distribution from endowment: Annually _____
 Semi Annually _____
 Quarterly _____

Distribution Policy: Income only: _____
 _____ % of income: _____
 _____ % of annual fair market value: _____
Re-invest all income and dividends: _____

Donor(s): _____
Address: _____
Telephone: _____
Closest relative to donor: _____ Relationship: _____
Address: _____
Telephone: _____

Income Beneficiary: _____
Address: _____
Telephone: _____
Birth date: _____

Remainder Beneficiary (if different from above): _____
Address: _____
Telephone: _____
Birth date: _____

Provisions for additions to the fund: Yes _____ No: _____ When: _____

Investment: _____

Person most responsible for securing this endowment: _____

Permission to announce this endowment: Yes: _____ No: _____

Other information: _____

