

Long-Term Financial Stability for Churches

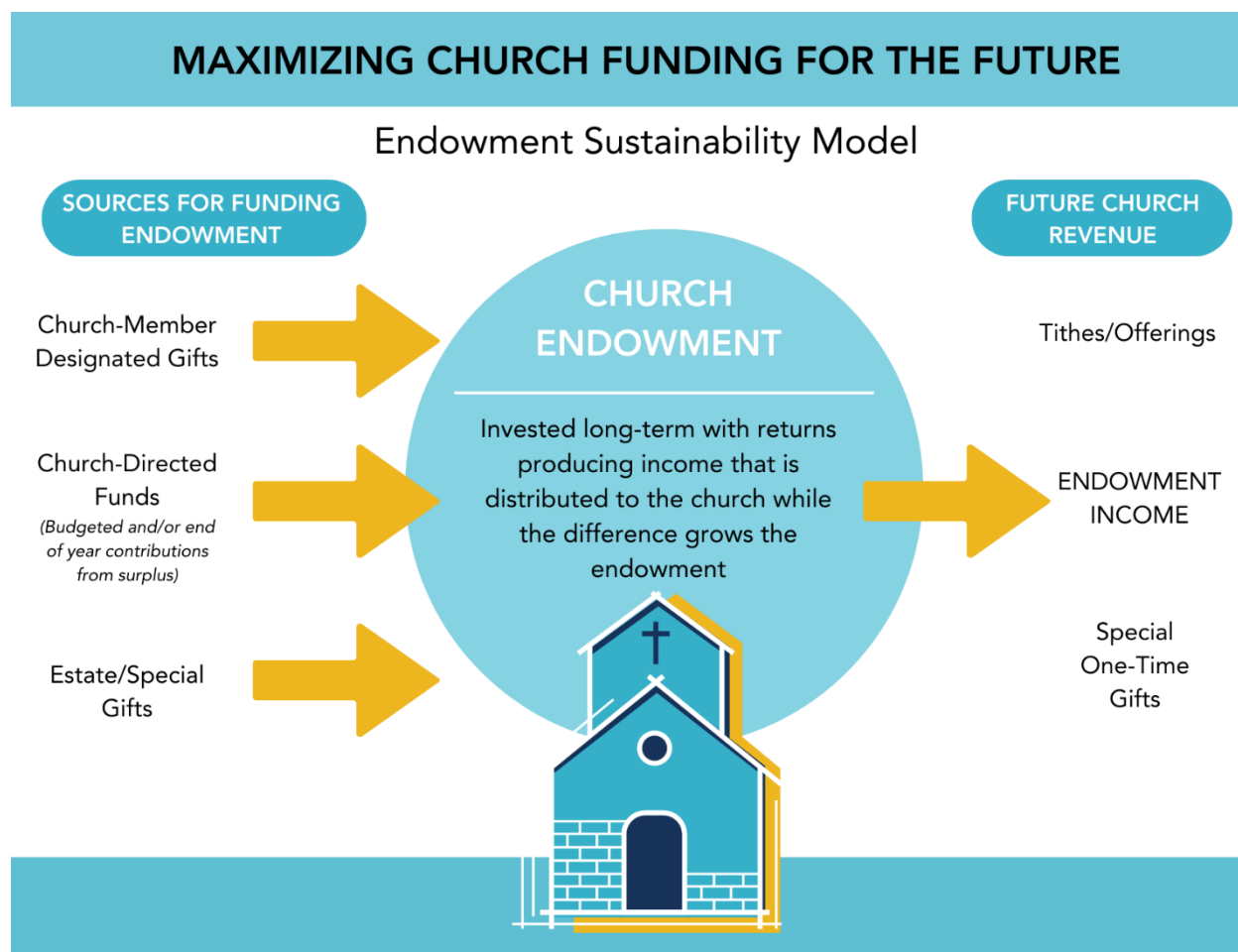
Starting a Ministry Endowment to Impact Ministry and the Kingdom

Lakes often provide water flow to many homes of residents through a piping system. The lakes are then periodically replenished with rainwater and serve as reservoirs.

A lake functions much like an endowment. As it receives the “rains” of funds from estate gifts of constituents, it provides a “water” flow of resources to a church and/or another ministry. Once funded, the endowment that is invested long-term produces income (typically 4-5%) with an underlying corpus that should be increasing over time from an annual average standpoint. The income from endowments can provide stable perpetual sources of revenue for ministry purposes and can be included in the budget of the benefiting ministry.

Why should churches and other ministries have an endowment?

First, it provides a stable stream of income, which is illustrated by the below flowchart.



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The Louisiana Baptist Foundation provides services and consultation related to endowments.

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Second, the importance of having an endowment is that constituents who desire to at least tithe their estate to ministry often want the funds to be used perpetually every year, instead of spent all at once at the time of their passing. Some donors insist on an endowment versus an outright gift if they are going to leave an estate gift.

I worked with a donor couple once who told me that they specifically wanted a portion of their estate to be in an endowment so that their tithe would continue to benefit their church long after their passing.

Another beneficial reason for the establishment of an endowment is that it provides a tool to softly promote its existence to constituents for the sake of increasing estate gifts with a perpetual impact upon the life of a ministry. Some ministry leaders recognize that endowments are a tremendous tool that can have a perpetual impact on their underlying ministry long after their service to that ministry. It is a way that some leaders leave their own legacy to a ministry by helping establish the endowment.

One final reason for an endowment is that the long-term financial impact of gifts being given to an endowment should far outweigh one-time outright gifts from donors. An endowment can multiply the impact to the Kingdom long-term.

A ministry endowment is often established through a Christian-based foundation (such as the Louisiana Baptist Foundation) that provides the perpetual fiduciary management over such funds and ensures it is properly managed under current laws. Such funds are typically invested in a diversified, long-term manner with the income being distributed to the benefiting ministry at least annually while the principal should be growing over time on a long-term average, producing more income. The impact should be perpetual to a benefiting ministry through the periodic income distributions that can provide long-term financial stability for that ministry.

C.S. Lewis once said, "If you read history, you will find that the Christians who did most for the present world were just those who thought most of the next." * Christians who established estate gifts for ministry endowments will perpetually impact the present world when they are enjoying the next.

As a ministry endowment receives the "rains" of funds, it provides a "water" flow of resources to a ministry that will have perpetual impact on the Kingdom!

*Reference: www.cslewisinstitute.org



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