



## Basics of Endowment Management

*Presented by  
Kenneth H. Quigley, Program Director  
Endowment Management Solutions*



**Episcopal Church Foundation**



**Empowering Congregations!**



Lynn Mander  
*Endowment Management Consultant*



## Principles of Endowment Management

### Why Endowments Matter:

- Respect for the past, vision for the future
- The sin of not having one
- The joy of doing it right





## Endowments

### What It is

Long-term invested fund with restrictions  
True endowment (donor designated)  
Quasi endowment (board designated)

### What it is not

Reserve funds  
Collection of Trusts  
Invested Funds



## What an Endowment is NOT for

- To plug holes in the annual operating budget
- A savings account for future emergencies
- Self-preservation

## What an endowment IS for

- To support ministries beyond the annual operating budget
- To be an “opportunity” fund
- To provide donors with a trustworthy place to leave legacy gifts



## Why Endowments don't grow

- Lack of Structure
- Outdated Structure
- Lack of Trust
- Unclear Purposes
- No one asked (Planned Giving)





## Why is Structure so Important

- Fiduciary Responsibility
- Clarity of Purpose
- Clarity of Process



## Policies Needed

### Enabling Resolution

### Operating Policies

- Investment Policy Statement
- Disposition of Bequest Policy
- Designated Gift Policy
- Spending Rule
- Gift Acceptance Policies



## Key Operating Principles

- Understanding True vs. Quasi Endowments
- Investing as one; spending as two
- Protecting the corpus (spending power)
- Understanding UPMIFA (Uniform Prudent Management of Institutional Funds Act)

## How UPMIFA Applies to Churches

- Applies to donor-restricted funds
- Rescinds “historic dollar value”
- Removes “income only” restraints
- Defines what “prudent” means
- Can be used to guide management of both restricted and unrestricted funds



## Spending from the Endowment

- *Total Return Spending Policy*
- *Setting a Reasonable Draw*
- *Long-Term Asset Class Forecasts*
- *Preserving Spending Power*



## Spending Rule Calculation

Here is a simple calculation we use to help endowment boards think through the implications of spending rules.

• Spending Rate	5%	4%	3%
• Inflation	2%	2%	2%
• Fees	1%	1%	1%
	—	—	—
	8%	7%	6%





## Investing the Endowment

### Investment Options

- Bank/Brokerage House
- Diocesan Investment Trust
- Episcopal Church Foundation

### What to Look For

- Diversification of assets
- Solid performance measured against benchmarks
- Reporting
- Service
- Fees



## Effective Communications

- Keep good records
- Honor donor's wishes
- Explain the concept, share details
- Tell what the endowment has done
- Explain how to give
- Thank your donors





## Recorded Webinars to Empower your Leaders

- Basics of Planned Giving for Parish Leaders
- Basics of Endowment Management for Parish Leaders
- Prospective Donors of Planned Gifts
- Basics of a Capital Campaign
- Annual Stewardship
- Vestry Leadership 101

For links to recordings visit: [www.ecfvp.org](http://www.ecfvp.org)



## Upcoming Free Live Webinars

- **Capital Campaign for Debt**
  - March 12, 2014 – 7:00 PM – 8:00 PM Eastern Time
- **Working with Volunteers: the untapped resources in your pews**
  - April 2, 2014 – 7:00 PM – 8:00 PM Eastern Time
- **Spending Rules for Endowments**
  - April 9, 2014 – 7:00 PM – 8:00 PM Eastern Time
- **Basics of a Capital Campaign**
  - May 14, 2014 – 7:00 PM – 8:00 PM Eastern Time

Check our website, under Events, for more info.





## At your service

**ECF always available to assist at (800) 697-2858**

Jim Murphy, Managing Program Director,  
Financial Resources  
[jmurphy@episcopalfoundation.org](mailto:jmurphy@episcopalfoundation.org)

Ken Quigley, Program Director,  
Endowment Management Solutions  
[ken@episcopalfoundation.org](mailto:ken@episcopalfoundation.org)

Meg King, Assistant Program Director,  
Financial Resources  
[mking@episcopalfoundation.org](mailto:mking@episcopalfoundation.org)

