

Answers to Your Questions About the Endowment fund

“ABRAHAM’S CIRCLE – GIVING FOR THE FUTURE”

Any financial commitment requires careful consideration. Please ask all the questions that are important to you. Here are some you may have, with our best attempt to answer them.

The Need

What is an endowment fund?

To endow is to give to the future. To endow your church is to strengthen the roots that assure the future growth and health of the church. A church is a living organism sustained by the grace of God and the faith of its members.

This endowment fund is a permanent investment fund that provides a steady source of funding for the church from the income earned by its investments.

How does this endowment fund differ from the capital funding approaches of non-profit organizations?

Other non-profits may have admirable missions, for which they will launch financial campaigns from time to time. But they are not the living body of Christ, inspired by the spirit of God to be a blessing to others. The difference is in the reasons for giving.

How did Abraham’s Circle get its name?

In Genesis 12:2-3, Abraham is told that he is blessed to go forth and be a blessing, We who give from our blessings join a circle through the ages whose members cannot be counted. They gave to the future, just as we will.

Why is a significantly larger endowment needed? Haven’t we done fine as a church with our current endowment?

We must close the gap between the total amount of annual giving and the future expenses of our present programs and staff. In recent years, that gap has been closed by sources and reserves which will not be available in the future. Income from our current modest endowment fund has not been significant.

We will need to sustain annual giving at a level higher than the present and build an endowment fund that can produce significant yearly income.

How will our church be better able to serve Jesus, our faith community and Lancaster City with the large increase in our endowment, over time?

We will be assured that we have the means to go forth in all that we do, changing lives, serving others and spreading the Good News of the Kingdom of God. We will have the additional income to weather “down” periods and to invest in new ways to carry out our mission. Without that additional income, we will be forced to both reduce and eliminate much that is worthwhile in what we do.

Church Finances

What are the principal sources of our income and our principal expense categories, both recently and also projected several years ahead?

There is much detail in our financial statements and projections, which can be boiled down to this: 78% of our expenses are for the salaries and benefits of our staff and the cost of using and maintaining our building. In addition, a large amount is in giving to others, for local, U.S. and international needs. 75% of our income is from the annual generosity of our church family – both in regular commitments and in response to special appeals.

Does the church need to pull back on its programming a bit? We have all had to tighten our belts. Does our church have trouble saying “No”?

We have tightly controlled our expenses for many years. No programs proceed without the assurance that they will be funded. Staff levels, compensation and benefits have been managed to fit reality. We would like to say “Yes” to a number of new opportunities, but we cannot.

Fund Management

Who will manage the money in the endowment fund? Will First Presbyterian have a say in the management of the funds ?

The money will be managed by three separate entities: . Donors may designate their gifts to one or more of these entities. Each will manage the funds according to policies and risk profiles established by our Trustees (as such funds are today.) Dollars in principal will be managed prudently.

What safeguards will we have put in place to ensure that the principal in the fund will not be “raided” for operating expenses?

The policies established by the Trustees – which are reviewed and reaffirmed from time to time – will assure that the “roots” of our financial structure are not damaged. There are, and will be, specific rules for distribution of fund income and, rarely, the use of modest amounts of principal for special purposes.

The Giving Process

We want to consider making a gift to the endowment fund, but we are not confident that we know the choices to consider or how to navigate the legal and technical logistics of this? What process do we need to follow? Who can help us, at no cost?

Once you express an interest in exploring the various possibilities open to you, you will be put in touch with an experienced financial and legal advisor who will meet with you – in confidence and at no cost or obligation. The first step is for you to tell Randy Riggs, Don Hackett or Alan Ziegler that you want to explore the possibilities.

Is there any minimum contribution to the endowment fund?

Absolutely not. Find the level where you think you ought to be; that's all that's expected. Abraham's Circle is not just for people with ample means. A small amount given regularly over time (there are plans in which you do that) can add up to a substantial contribution to the fund.

May payments on current pledges to the endowment be made over a period of years instead of all at once?

You have complete flexibility, from writing a check or transferring assets now to committing to give later – much later. You may give some assets now and enjoy the income from them as long as you live. There are at least a dozen options to fit all giving needs and preferences. . Some involve changing your will; many do not. Also, almost every one is tax deductible, too.

People who have explored the many choices for planned giving have often been astounded at how such giving fits right into their long-range financial planning, without great current sacrifices.

Will those in “Abraham’s Circle” be recognized?

Certainly, if they wish. As the circle expands over the years, each new donor will be given a personal memento of recognition and will be named in a prominent display at the church.

Concerns

We are really concerned about outliving our savings. We don't know how much the survivor of the two of us will need to live on – or how much will be in the estate of the survivor.

Any financial plan should include those considerations. The question is one of apportionment. Not “if” you should invest in the future of your church, but “how” and “when.” When doing the calculations, you will probably find that you can apportion an amount for this purpose that will not put your present and projected lifestyle at risk.

With the stock market so volatile and the economy struggling and pensions going away, we just don't feel comfortable making a multi-year commitment.

Your commitment should fit your tolerance for risk. It all starts with serious planning. Don't let fear keep you from doing what you really want to do. Others have found a way to make a commitment they can live with through thick and thin. So can you.

We are at a stage of life where there just isn't any money left over after we cover the expenses of our home, our family, our annual giving – and our savings for our own future.

This may sound tough to you, but have you taken that argument to God? Can you say that there is nothing that you would change in the management of your money to make room for the future of the church that means so much to you? We all are enjoying the fruits of the thousands of people who came before us and gave of their bounty to build First Presbyterian and its ministries. Should we not find a way to join that circle?

Our family comes first, and while our children are fairly well set financially, we just don't know if and when their situations could worsen. We want to hold onto our assets for that possibility.

You can hold onto those assets. Find a plan that permits you to make contributions at a rate and pace that fits your wishes – even to the point of making a commitment from the estate of the surviving spouse.

We aren't sure we can find a giving plan with which we comfortable.

Let's hope that you don't. That's not a cynical statement. Consider that perhaps you should think outside your "comfort zone." Ask yourself, "At what giving level are we comfortable, considering both our annual commitment and a gift to the future?' Then, ask one more question, "Is there any reason not to move up one more level?" You may find, as others have, that what seemed a bit uncomfortable at first turns out to seem just right – and so satisfying.

The Foundations for Generous Giving

We want to answer the most basic question of all:

Why should we give of our own finances at a high level of generosity?

First, it is one way – perhaps the best way – to express the deep convictions of our faith, to endorse and to spread the Good News of the Kingdom of God on earth.

Second, it is a clear and present opportunity to add additional meaning to our lives.

Third, it is indeed a pivotal time for our church. Nothing would please Randy Riggs more than to see this community so dear to him step forward and support the future that he and we envision. At the same time, we will show candidates for the next senior pastor that this may be just the church for them.

For more information and any other questions you may have about the endowment fund, , contact Randy Riggs, Don Hackett or Allan Ziegler . All can be reached at the church at 394-6854. E-mail addresses are randy@fpclanc.org, don@fpclanc.org and allan@fpclanc.org.

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