



# **Endowment Fund**

**2020**



## **What an Endowment Fund is 'NOT'**

Not intended to be used for  
expenses in the:

**General Fund**

**&**

**Mortgage Fund**

(They have an important life of their own)



## What an Endowment Fund 'IS'

1. Accepts gifts from members and friends
2. Accepts gifts now and at end of life
3. Generates stable distributions year/year
4. Designed to fund current and future ministry  
*Locally – Regionally - Globally*
5. Endowments grow primarily through new gifts



## **Key Elements of a Gift Policy**

1. Who will make decisions
2. How will gifts be used
3. What gifts will be accepted
4. How do I make a gift
  - \*Cash or check
  - \*Asset Transfer
  - \*Beneficiary Designation
  - \*Deferred Gifts

What types of gifts are we willing to consider?

- a. ☐ Cash
- b. ☐ Securities
  - i. ☐ Publicly traded securities
    - 1. ☐ Stocks
    - 2. ☐ Bonds
    - 3. ☐ Mutual funds
    - 4. ☐ Options/Warrants
    - 5. ☐ Other marketable securities traded on public exchanges
  - ii. ☐ Non-publicly traded securities
    - 1. ☐ REITs
    - 2. ☐ MLPs
    - 3. ☐ Closely held business interests
      - a. ☐ Partnerships
      - b. ☐ Limited Liability Corporations
      - c. ☐ S-Corp shares
      - d. ☐ C-Corp shares
      - e. ☐ Options/Warrants
- c. ☐ Life Insurance - Permanent Type with Cash Value
- d. ☐ Real Property
  - i. ☐ Residential
  - ii. ☐ Commercial
  - iii. ☐ Life Estate
- e. ☐ Tangible Personal Property
  - i. ☐ Vehicles
  - ii. ☐ Jewelry
  - iii. ☐ Books
  - iv. ☐ Art
  - v. ☐ Collections
- f. ☐ Other Property
  - i. ☐ Mineral Rights
  - ii. ☐ Royalties
  - iii. ☐ Notes/Mortgages
  - iv. ☐ Copyrights
  - v. ☐ Patents
  - vi. ☐ Trademarks
  - vii. ☐ Oil and Gas interests
  - viii. ☐ Bargain Sales: Congregation purchases an asset for less than fair market value

# What Types of Gifts are We Willing to Consider..?

## Endowment Committee..?



## Assigning The Gift

### **Un-restricted** (no limit on amount)

Endowment Committee determines which ministries the funds are used for.

### **Restricted** (requires minimum amount)

Donor states specific use for the funds.



## Physical Asset Gifts

When accepted credible appraisal determines *donors tax value*

All fees required to convert asset to cash are *deducted from net proceeds*



## **Which Asset Manager - Manages The Fund**

1. ELCA Foundation
2. Charles Schwab
3. Edward Jones
4. LWLC
5. Other..?

Endowment Committee..?





## ELCA Endowment Fund Pooled Trust - Fund A

### Fund Overview

#### Description

The ELCA Endowment Fund Pooled Trust (Fund A, or the Fund), was established to allow for the collective long-term investment of funds belonging to the Evangelical Lutheran Church in America (ELCA), its congregations, synods, seminaries and other eligible affiliated entities. To the extent practicable, the Fund pursues investment objectives in line with the Economic Social Criteria Investment Screens approved by the ELCA Church Council. Incorporated into the Fund's accounting are unitization and quarterly endowment distributions. The ELCA Foundation administers the Fund.

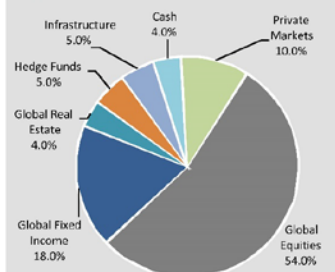
**Only ELCA-related institutions can be eligible to participate in this investment fund that is exempt from most security registration requirements in accordance with the Philanthropy Protection Act of 1995.**

#### About Performance

The investment results depicted herein represent historical net performance after the deduction of investment manager and custodian fees and expenses including the administrative fee of 60 basis points (0.60%). Prior to July 2017, the total fee was 100 basis points (1.00%). Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. Underlying returns were provided by the Fund's respective managers. *Past performance is not a guarantee of future results.*

\*Since Inception: July 1, 1999.

#### Target Allocation\*\*



\*\*Approved by the ELCA Foundation Board of Trustees on September 20th, 2019.

**Benchmark:** Equity - 65% MSCI All Country World Index; Fixed Income - 35% Bloomberg Barclays U.S. Aggregate Bond Index

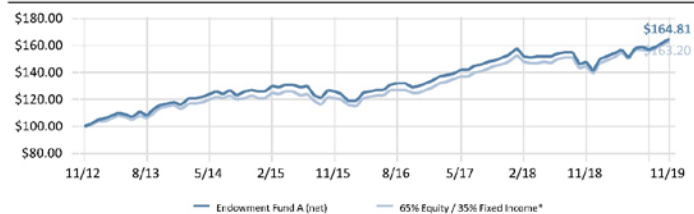
**Information Disclosures:** This report is intended to provide current Fund performance information for the ELCA Endowment Fund Pooled Trust (the Fund). Investor participants own units of the Fund, receive quarterly account statements, and have online access to monthly performance reporting. The minimum initial investment is \$25,000, and the minimum for deposits thereafter is \$2,000. There are no charges for withdrawals, or opening or closing an account.

**THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE CONFIDENTIAL DISCLOSURE STATEMENT,** which contains details about risks, underlying investments and administration. The Confidential Disclosure Statement is available to representatives of eligible organizations by calling the ELCA Foundation at 800-638-3522.

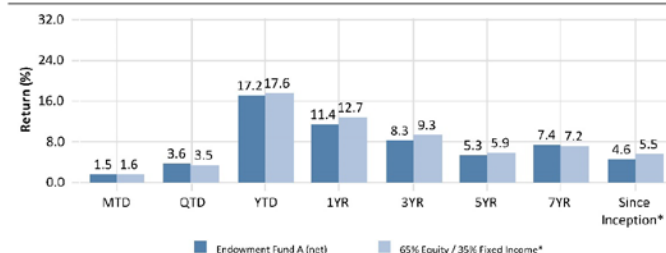
For more information contact: Kathy F. Summers, President and CEO, ELCA Foundation  
Annette C. Shoemaker, Executive Vice President, ELCA Foundation  
Evangelical Lutheran Church in America, 8765 West Higgins Road, Chicago IL 60631-4101  
800-638-3522 • fax 773-380-2280

Graystone  
Consulting<sup>SM</sup>

### Growth of \$100 (7 Years Performance Analysis)

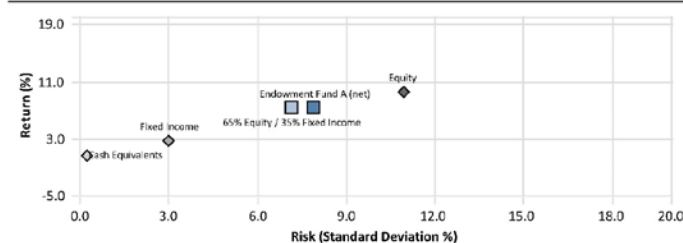


### Multi-Period Performance Analysis



	MTD	QTD	YTD	1YR	3YR	5YR	7YR	Since Inception*
Endowment Fund A (net)	1.51	3.61	17.17	11.42	8.32	5.31	7.40	4.64
65% Equity / 35% Fixed Income*	1.57	3.50	17.57	12.67	9.28	5.86	7.25	5.51

### 7 Years Risk / Return Performance Analysis



	Return	Standard Deviation	Sharpe Ratio	Maximum Drawdown	Alpha	Beta
Endowment Fund A (net)	7.40	7.95	0.85	-10.96	-0.45	1.09
65% Equity / 35% Fixed Income*	7.25	7.21	0.91	-9.11	0.00	1.00

# ELCA Fund-A

<https://www.elca.org>



### Capital Markets Commentary (as of November 30, 2019)

#### Capital Markets Overview

Risk markets continue to trade well. The recent rally is due to three things: 1) Fed, ECB, and BOJ expanding balance sheets aggressively; 2) progress on Brexit and trade negotiations; and 3) some leading indicators in global economy are improving, most notably PMIs in China and Europe.

#### Domestic Equity Markets

US equities rose in November 2019, as the S&P 500 gained 3.6% and 9 of the 11 sectors finished in the black, continuing to build on the strong first three-quarters of 2019. Technology led, gaining +5.4%. Other outperformers included Healthcare and Financials, which were both up +5.0%. Utilities was the biggest laggard, losing -1.8%. Real Estate trailed as well, falling -1.7%.

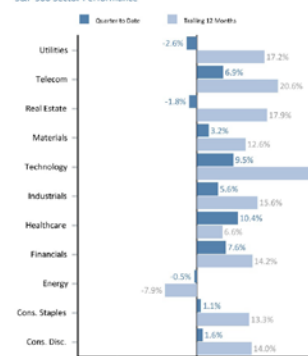
#### International Equity Markets

Developed equity markets rallied in November (MSCI EAFE +1.1%), while emerging markets struggled (MSCI Emerging Markets -0.1%). Accommodative central bank policy and the resulting system-wide liquidity coupled with optimism over a potential US-China trade accord provided a runway for continuing the developed equity market rally while Korea, Russia, Mexico, and Brazil posted losses for the month for emerging markets.

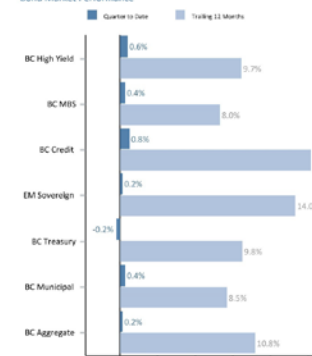
#### Fixed Income Markets

The total bond market was relatively flat for November as yields rose slightly causing underperformance in government securities and out performance in corporate bonds. The Bloomberg Barclays US Aggregate Bond index dropped -0.1% while riskier parts of the bond market rose. The Bloomberg Barclays High Yield index gained another +0.3%.

#### S&P 500 Sector Performance



#### Bond Market Performance



Sources: FactSet, Morgan Stanley Wealth Management GIC.

The underlying data has been obtained from sources believed to be reliable but no guarantee is made to their accuracy and any such information may be incomplete or condensed. Past performance is no guarantee of future results. This evaluation is for informational purposes only. Also note, investors cannot invest directly in an index.

[patti@lwlc.org](mailto:patti@lwlc.org)



## **ELCA Estate & Gift Planners**

### **Regional**

Rebecca (Becky) Palmgren – St. Paul, MN

Office: 763-757-9302

Cell: 763-464-3584

### **Local**

Keith Pearson – New

London, MN

Cell: 612-718-4197

[patti@lwlc.org](mailto:patti@lwlc.org)



**Evangelical Lutheran Church in America**  
God's work. Our hands.

### ***faithful stewards . . . lasting impact . . .***

***faithful stewards . . .*** Gift Planners provide assistance in gathering information to prepare a will or trust and help in maximizing the distribution of assets to family and Ministries. Gift planners sell no products or services and it is a service provided by the ELCA. Gift planners talk about being good stewards of the gifts that the Lord has given each of us, as everything we have comes from the Lord. The size of the estate does not matter; it is what you want to accomplish with what you have to give that matters.

***lasting impact . . .*** Gift Planners help people maximize the distribution of their assets to their heirs, using tools that will save on income and inheritance taxes, and help them support Ministry that has and is important to them, giving them an opportunity to make a difference. We refer you to your attorney, CPA and/or Financial Planner if appropriate.

Items to be discussed:

- It is estimated that between 50 - 75% of the people do not have up to date wills.
- Christian Preamble
- Personal Representative/Executor
- Durable Power of Attorney for Financial Matters
- Durable Power of Attorney for Health Care
- Guardians for your Children
- Minors Trust for Children and or Grandchildren under the age of 18
- Special Needs Trust for a person receiving Government Assistance
- Beneficiary Changes
- Life insurance and qualified plans are controlled by your beneficiary designations – not your will or trust.
- If you die without a will or trust in place, your children could receive a lump sum distribution at the age of 18. Is that the best way to bless them?
- Your children might need to liquidate assets (home, stock, business, land, etc. . .) at below-market value to pay Federal Estate Taxes.
- The average time it takes to spend an inheritance is 18 months – no matter what the size of the inheritance or the age of the recipient.
- Opportunities to give to the Ministries that you are passionate about and be an example to your heirs and to others by sharing your gifts.

Rebecca J Palmgren, ELCA Regional Gift Planner 763-464-3584

# Gift Planning For End of Life

[patti@lwlc.org](mailto:patti@lwlc.org)

[patti@lwlc.org](mailto:patti@lwlc.org)



## **Gift Giving**

### **Pledge**

Give for the need

### **Stewardship**

Give because we can

The responsible overseeing and protection of something considered worth caring for and preserving.



## **Gift Designation**

**I bequest to...**

**“Living Waters Lutheran Congregation of Sauk  
Rapids, Minnesota for the  
Living Waters Lutheran Church Mission  
Endowment Fund.”**



## **The Motion**

Move the LWLC congregation adopt the Endowment Fund By-laws born February 2<sup>nd</sup> 2020, to include authorizing an Endowment Committee to organize as defined in the by-laws.

[patti@lwlc.org](mailto:patti@lwlc.org)