

INVESTMENT MANAGEMENT

In LOCAL CHURCHES

PRESENTED BY

**Dr. Jeffrey L. Rarich,
Executive Director**

UNITED METHODIST FRONTIER FOUNDATION, I N C.

OUR MISSION

The mission of the Foundation is to Educate, Empower and provide the Tools for United Methodists to faithfully fund the ministry of the Church. We put FEET on your \$\$\$ by offering programs for planned giving, investment management and leadership in developing endowment or other funds whose income will provide opportunities for expanded ministry. In 2004, the United Methodist Frontier Foundation was formed from a consolidation of the New York-Connecticut Foundation and the United Methodist Church Foundation of the New York West Area. In 2004, these predecessor foundations paid out over \$1,600,000 to or on behalf of our four hundred and fifty investor organizations. We managed over \$3,150,000 of funds that are permanently placed with us, and manage some \$30 million in church and Conference monies. We administer sixty Charitable Gift Annuities, and paid out over \$180,000 to annuitants and final beneficiaries last year. We also make available specific information and resources regarding the importance of wills and related matters, such as health care proxies.

In 2004, churches and related organizations invested over \$3,199,000 through our predecessor foundations. In order to comply with the United Methodist Social Principles, all Foundation investments meet the requirements of the General Board of Pensions social screens. In addition, securities must meet the investment criteria of our professional fund managers, US Trust, John G. Ullman and Associates. Last year our equity fund returned, after fees were taken out, 5.23%; our bond fund has a five-year average net performance of over 5.42%; our balanced funds showed net returns of 3.04% and 6.34% last year.



**LETTER OF TRANSMITTAL
REVOCABLE INVESTMENT ACCOUNT**

UNITED METHODIST FRONTIER FOUNDATION, INC _____ Date
20 Soundview Avenue
White Plains, NY 10606 Attention: Dr. Jeffrey L. Rarich

Dear Dr. Rarich:

In recognition of the United Methodist Frontier Foundation, Inc. as an arm of the Church and its stewardship, we enclose our check in the amount of \$ _____, dated _____, and made payable to the United Methodist Frontier Foundation, Inc.

This represents funds which we are placing with the Foundation in an account to be known as the: _____ Fund, to be invested as follows:

- 2 % Money Market Fund (This is a mandatory allocation of your investment)

AND (check one)

- _____ 98% Balanced Income Fund or _____ 98% Growth And Income Fund

OR (put numbers totaling 98% in the two blanks)

- _____ % Equity Fund and _____ % Bond Fund

(Total of each account's Fund Allocations must equal 100%)

By this **LETTER OF TRANSMITTAL** we direct that, until we notify you otherwise, the Foundation is to:

- (1) Pay _____% of the income (interest and dividends only) to us
_____ Annually _____ Semi-annually _____ Quarterly

OR (2) Reinvest _____ % of the income

OR (3) Each year pay us _____ % of the 3-year average balance of the account in _____ quarterly _____ semi-annual _____ annual installments.
(This total return approach may be appropriate for endowments and other permanent funds, especially if they have grown substantially since their inception.)

We understand:

- that reports on this fund and income checks pertaining to it will be sent to investors within thirty (30) days following the close of the applicable period.
- that we can make additions to this account at any time, and that monies received in the Foundation Office will be deposited immediately in a Money Market account and invested as indicated in this document the next time the fund shares are valued (normally weekly).
- that any income to be reinvested will be added to the principal on a monthly basis. We understand that any realized capital gains/losses will be added to/subtracted from the principal on a monthly basis also.
- that we must notify the Foundation in writing at least ten (10) days before the beginning of the next quarter should we decide to alter our stated plan for receiving or investing dividends, and such change will take effect at the beginning of the next quarter.
- that upon notification in writing to the Foundation, any part or all of this account may be withdrawn and will be paid within sixty (60) days of receipt of notification.
- that the total fee charged to us is one percent (1%) annually of the fair market value of our account, computed and charged monthly.

(a) For the _____
(Name of Organization)
Address _____

Email (required for report distribution): _____

Signature: _____ Name: (print): _____ (Chairperson,
Administrative Council/Trustees/Governing Body)

Date: _____

Signature: _____ Name: (print): _____
(Pastor or Chief Executive Officer)

Date: _____

(b) For the Frontier Foundation:

Signature: _____ Name: (print): _____
(Executive Director/President)

Date: _____

1st copy : Local Church (deemed to be an original if signed by Foundation)

2nd copy: Foundation

ENCOURAGING WILLS & BEQUESTS

Every Christian merits the honor of being asked to help endow and equip the Church for the future.

Shall we not offer more opportunities for this type of giving?

Remember: Persons give because they are asked!

It is individuals who love the church who make bequests. Some may be wealthy. Most will be of only modest means. But ALL should be honored by being asked.

SOME SUGGESTIONS FOR GETTING STARTED :

1. Bring together a small group of interested and committed members of the congregation who believe in the need for an endowment ministry.

BE INTENTIONAL!

2. Let them plan a series of seminars/workshops on topics such as: "God's Will Isn't Subject to Probate But Yours Is" led by attorneys and other professionals competent in estate planning. Follow this with a similar annual or semi-annual event, each designed to assist persons in understanding the importance of planning for the future both for their heirs and for the Church.

BE INTENTIONAL!

3. Formalize this group at a Charge Conference. Establish an Endowment Fund or Funds (see attached). Let the congregation know of its existence. Publicize it. Find ways to honor those who participate. Have a Recognition Sunday honoring those who have remembered the church in the past.

BE INTENTIONAL!

4. Set realistic but challenging goals (For example, "We intend to reach an Endowment Fund goal of \$300,000 in five years so that we can fund---)").

BE INTENTIONAL!

5. Consider more than one Endowment Fund (e.g., Mission Endowment, General Endowment, Program Endowment)

BE INTENTIONAL!

6. Give yourself three to five years to realize results.

BE INTENTIONAL!

AN OVERVIEW OF PLANNED GIVING.

WHAT IS PLANNED GIVING?

A "planned gift" is any gift, in any amount, for any purpose, given with the assistance of a volunteer or paid advisor, after consideration of the effect the gift will have on the donor's estate. In church work, planned giving is helping people make the gift of a lifetime to the church they love in a way they didn't know was possible.

There are many ways to make planned gifts. The wise steward looks at that which God has entrusted with him or her and decides what will constitute a worthy gift. It therefore follows that one needs to decide:

- How much to give
- To what cause(s)
- When to make the gift(s)
- How the gift(s) can best be made

1. Giving Cash

2. Giving Appreciated Securities

3. Giving Through Your Will

A fixed amount

A percentage of your estate

A specific item or some designated property

A residuary bequest

4. Giving Real Estate

An outright gift

Reserving a life estate

Funding a life income gift

5. Giving Personal Property

6. Giving Through Life Insurance

Donate Cash Value Policy

Donate the Dividends

7. Giving Through Life Income Plans

Charitable Gift Annuities

Deferred Payment Gift Annuities

Charitable Remainder Unitrusts

Charitable Remainder Annuity Trusts

8. Giving Income Gifts

9. Giving Through Retirement Plans

10. Giving Government Bonds

A MEMORIAL FUND

A CELEBRATION FUND

When you give to the glory of God and in memory of someone who has been special, you further the cause of the Christ and the Church and create a thoughtful remembrance. Memorial funds, therefore, are always appropriate.

BUT WHAT ABOUT A CELEBRATION FUND TO HONOR A PERSON OR AN EVENT IN YOUR LIFE!?! A CHILD IS CONFIRMED, YOUR SON OR DAUGHTER GRADUATES FROM SCHOOL OR COLLEGE, YOUR WEDDING ANNIVERSARY HAS COME, YOU OR SOMEONE YOU LOVE IS IN REMISSION OR HAS RECOVERED FROM AN ILLNESS-- WHATEVER THE OCCASION, WHY NOT PROVIDE OPPORTUNITY TO CELEBRATE LIFE!!!

For each fund, maintain a book or similar method of listing the names of donors, perhaps their gifts (some church list only names, not gifts by amount or kind) and the date. An acknowledgement should be sent for each gift received.

You may wish to designate a celebration time when gifts are especially recognized. Many churches have found that Memorial Sunday, Heritage Sunday, or All Saints Sunday are particularly appropriate for such recognitions. One church takes the income from their Memorial Fund and each year places it with the offering on All Saints Day as a "Tithe from the Saints!" What a wonderful way to honor and celebrate!!! Such recognition gives life to memorial and celebratory gifts.

In these and other ways we encourage and enable persons to make gifts that can be added to permanent funds or set aside for special use. Such funds do not compete with regular pledge or annual current expense giving. They are different dollars given for another purpose. Provide the opportunity to give to the endowment fund without dying!

MAKE IT EASY FOR PEOPLE TO GIVE!

Invite Persons to Consider Endowing Their Pledge

Rule of Thumb: \$1000 for each \$1 per week given to the church.

For example, if someone is giving \$10 per week for \$520 per year, they can perpetuate this giving beyond their lifetime through a bequest of \$10,000 (\$520 per year based on 5.2% annual income from the investment of their bequest).

NOTE !
SOME FACTS THAT NEED TO BE CONSIDERED

(1) While the United Methodist Frontier Foundation, Inc., is positioned to provide assistance, consultation and planning with donors and in the administration and management of the gift plan options discussed in this chapter, the donor always should be advised to consult his or her own legal and financial advisors.

(2) *AN IMPORTANT NOTE TO CHURCHES:* Churches (and all other charitable organizations) are advised to make an intentional effort to fully understand all facts and implications as to gifts which are offered and should take prompt and appropriate action to accept or reject those gifts to avoid potential problems.

(For example: Present state and federal environmental regulations and laws make it absolutely critical that a church investigate thoroughly any real property for environmental concerns before the property is accepted. Once accepted by the church, the environmental liabilities pertaining to that property rest with the church. Always consult with your attorney and other professional advisors before real property gifts are accepted.)

(3) The purpose of this publication is to provide accurate and authoritative information of a general character only. The United Methodist Frontier Foundation, Inc., is not engaged in rendering legal or tax advisory services. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained.

For more information on the Frontier Foundation, visit our website at www.umff.org or phone toll-free at 1-888-696-6922, ext. 238.