

LWML District Endowment Funds

Best Practices

RECOMMENDED DOCUMENTS

As a matter of good stewardship, LWML recommends that LWML districts maintain at least three (3) separate gift documents:

1. **Gift Acceptance Policy** – A gift acceptance policy states the types of gifts your district can accept, and the types of gifts your district must decline. The policy should be based on critical issues triggered by certain gifts (tax consequence, investment hurdles, hassle).
2. **Special Gift Fund Policy** – A special gift fund policy should state how accepted gifts to the district will be deposited, spent, invested, or otherwise managed. One possibility for accepted gifts is management pursuant to the written endowment fund agreement.
3. **Written Endowment Fund Agreement** – The written endowment fund agreement is the subject of this packet. A sample template is enclosed.

ENDOWMENT FUND TYPES

There are three types of endowment funds. LWML recommends that each LWML district have an endowment fund, at least some portion of which is a true permanent endowment. If your district has something other than a true permanent endowment, determine whether or not it is possible to revise your current document or establish a new true permanent endowment to compliment your other funds. These are the three types of endowments:

1. **True Permanent Endowment** – Funds donated by third-party donors with the stipulation, as a condition of the gift, that the principal is to be maintained intact in perpetuity (principal is not expendable) and that only the income resulting from the investment of the fund may be expended in accordance with instructions by the donor. Instructions for use of the gift can be individually created by or for each donor, or established by the organization prior to receipt of the gift, as long as the organization does not regain any right to unilaterally amend the terms or allow access to principal. With either approach, it is strongly recommended that instructions be memorialized in writing.
2. **Term Endowment** – Similar to permanent or true endowments except that the terms of the gift instrument permit the principal to be expended all or in part upon the happening of a particular event or the passage of a stated period of time.
3. **Quasi Endowment** – Funds established by the board of directors and functioning like an endowment fund. However, they are subject to change and restoration to current operating funds at the discretion of the board.

PROMOTING AND GROWING YOUR DISTRICT ENDOWMENT

Donors are more likely to contribute to your district endowment fund if they know about it! Having a Gifts of Love Gift Planning Advocate in your district is instrumental in generating awareness and promoting your district endowment. Data gathered over the last ten years shows that LWML districts with a Gift Planning Advocate are more likely to receive large testamentary gifts – endowment fund gifts – than those districts without a Gift Planning Advocate. Therefore, LWML recommends that each district endowment fund designate a portion of its funds to Gifts of Love for the purpose of training and maintaining a Gift Planning Advocate for that district. The Gift Planning Advocate can then generate awareness of and promote the district endowment. Seeing that your district has a biblically-based, well-structured endowment fund will assure potential donors that your district is prepared to receive large gifts. In addition, the LCMS Foundation has a number of practical tools and advice for promoting endowment funds. (See pages 15-19 of the enclosed Ministry Endowment Funding booklet.)