

2024

# Endowment Fund Q&A



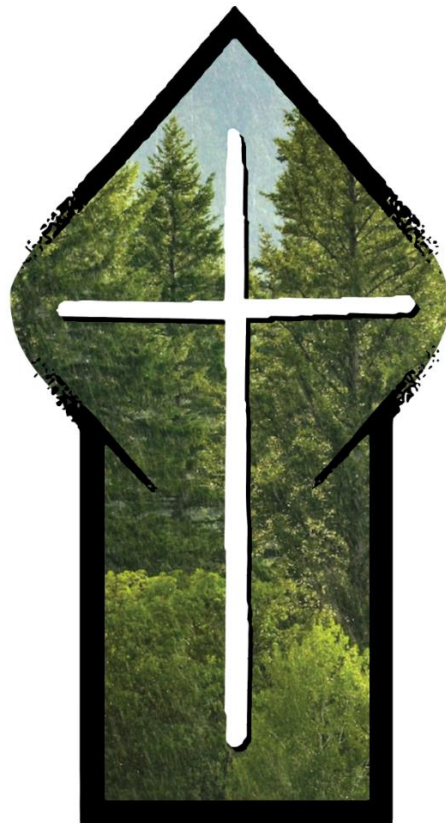
*December 2016 Fellowship Hall Groundbreaking*

Chapel in the Pines  
Presbyterian Church

8/1/2024

2 Corinthians 9:6

*Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously.*



*Thank you for your support of CITP's new Endowment Fund.*

2022-2023 Endowment Task Force  
Stan Campbell, Lee Strange, Andrew Taylor-Troutman, Sandy Williams, Joan Zollinger

## **ENDOWMENT FUND Q&A**

*Chapel in the Pines Presbyterian Church, Inc., Chapel Hill, NC, established an Endowment Fund in April of 2023 with the Presbyterian Foundation (PCUSA). Below are questions from the congregation about this opportunity.*

### **We have an annual Stewardship Campaign. Why an Endowment?**

- *An endowment provides earnings to support ministries of the church that, due to lack of funds, are not included in the Stewardship Campaign's annual operating budget.*
- *It's an investment fund. Earnings from the capital (principal) are used for special purposes.*
- *An endowment is funded by donations which are tax deductible for donors. In the simplest of terms, it is a trust fund whose income, but not the principal, can be distributed.*
- *An endowment provides income forever, long after we are in heaven.*
- *An endowment fund with a reputable fiduciary requires no maintenance nor work from donors nor church leadership.*

### **What types of gifts can be made to the Endowment other than cash?**

*After discussions with a financial planner, attorney, family and CITP treasurer, you can help grow the Endowment Fund with the following resources:*

- *Bequest in your Will*
- *Appreciated securities transferred (not sold) for tax benefits*
- *Life insurance policy (change of beneficiary to CITP, for example, or new policy)*
- *IRA Charitable Rollover of a Required Minimum Distribution*
- *Retirement/IRA beneficiary change to CITP (easiest to do; amount or percentage)*
- *Charitable Remainder Trust (income for life; tax deduction now)*
- *Real Estate (if approved by Session)*

### **Why Presbyterian Foundation (PCUSA)?**

- *Foundation has managed church endowments for over two centuries.*
- *Oldest endowment, established in 1821, still provides annual income today, over 200 years later.*
- *Values align with CITP's with faith-based investing (see back cover).*
- *Solid returns over time.*
- *A \$100,000 permanent endowment fund placed with the Foundation in 1980 would have provided \$493,000+ in distributions and would have grown to a principal value of \$291,000+ at the end of 2020. The average annual investment return was 7.85% over that 40-year timeframe.*
- *Donors have peace of mind that their legacy of giving to CITP will be in perpetuity.*

### **How important is the Endowment Fund's annual income?**

- *Investment income from the Fund will provide grants for projects not included in our annual budget, for example:*
  - *it could be used for scholarships to students going into full-time church work as Pastors, Teachers, Music, DCE's, or to students attending college;*
  - *for local mission and ministry assistance;*
  - *for special community outreach projects;*
  - *for global mission work;*
  - *for special needs identified by Session's nine working committees, each led by an Elder elected by the congregation; etc.*
- *None of the principal nor income of the Endowment Fund can be used for the congregation's operational budget; for example, salaries, utility bills, insurance premiums, etc.*

### **What might the Endowment Fund generate annually for grants?**

- *The amount generated varies depending on the amount contributed to the Endowment Fund and the annual investment income earned.*
- *The Foundation strives for an annual payout of approximately 5%. Should the Endowment Fund grow to \$250,000, for example, the annual payout in earnings will be approximately \$12,500.*
- *When the Endowment reaches \$1,000,000, prayerfully, it will provide annual payouts of approximately \$50,000.*
- *Session, in consultation with the Pastoral staff and congregation, will consider projects and amounts each year, in perpetuity.*

### **Who can donate to the CITP Endowment Fund?**

- *Anyone (members and non-members) who wishes to help CITP continue to establish and support the long-term viability of its mission, while at the same time knowing that only the income from their original gift will be shared over the years via the grant procedure.*
- *Donations are tax deductible and should be discussed with a financial planner, attorney, and family members before making an endowment gift, as well as with the church's treasurer for instructions on how to transfer it to the Foundation's CITP Endowment Fund.*

### **What happens if the church needs to tap the principal amount in the permanent endowment fund?**

- *The principal amount in the Foundation's permanent endowment cannot be transferred out. It is to stay and earn income in perpetuity.*
- *The Foundation offers an alternative Fund that is not permanent that requires an initial investment of \$100,000. Should donors wish to support that fund, knowing that their gifts in the future may be removed and spent (ending future annual payouts), and should \$100,000 be provided (collectively) for that purpose, CITP will open that Fund to provide two options for donors to consider.*

## **What happens in the future if the church ceases to exist or changes its denomination affiliation?**

- *If CITP were to cease to exist, the secondary beneficiary to the Endowment Fund's annual distribution of earnings is Salem Presbytery of the Presbyterian Church USA.*
- *This aligns with our Articles of Incorporation requirements.*

## **Is an out-of-state Will valid in North Carolina?**

- *It may be. The best practice is to have all estate planning documents reviewed by an attorney in the state of your residence to ensure they comply with applicable law.*
- *In addition to having your estate planning documents reviewed by a local attorney if you move to a new state, you should also have your Will reviewed upon the occurrence of other major life events such as:*
  - *Your marriage or divorce, or the marriage or divorce of a beneficiary under your Will;*
  - *The birth or death of a family member of yours or of another beneficiary or fiduciary under your Will;*
  - *Significant changes in your health status or the health status of a beneficiary or fiduciary under your Will;*
  - *Significant changes in your assets or liabilities.*

## **If adding a codicil to an existing will, how difficult is it and what wording should be considered?**

- *Traditionally, adding a codicil is not difficult. Check with your attorney.*
- *A codicil is a legal document that dictates any modifications or amendments to your last Will and Testament.*
- *If, for any reason, you feel the need to change some part of your Will—which can include adding new arrangements or removing old ones—you can easily do so with a codicil.*



- *Think of a codicil (which can be added as an addendum or be an entirely new document altogether) as a way to keep your Will up to date and reflective of your current wishes.*
- *CITP does not offer legal advice. Contact an attorney and provide the following suggested language for consideration (adapted from UNC-Chapel Hill's suggested language sent to donors in July 2023):*

**Suggested Bequest Language for  
Chapel in the Pines Presbyterian Church, Inc.**

**For unrestricted gifts:**

*I give to **Chapel in the Pines Presbyterian Church, Inc.** (Church) the sum of \$\_\_\_\_, or \_\_\_\_ percent of my estate, or the following property\_\_\_\_, or all of the remainder of my estate, for Church's Endowment Fund to be used to enhance the ministry programs at Church as determined by the Session of Church, in consultation with the Pastoral staff.*

**For a general purpose to a specific area:**

*I give to **Chapel in the Pines Presbyterian Church, Inc.** (Church) the sum of \$\_\_\_\_, or \_\_\_\_ percent of my estate, or the following property\_\_\_\_, or all of the remainder of my estate, for Church's Endowment Fund to be used to enhance Church's ministry programs in **(describe area to benefit)**.*

**We ask that Wills also include the following statement:**

*If, in the opinion of Session of Church, in consultation with the Pastoral staff, all or part of my gift cannot appropriately be used in the manner herein described, Church may use the gift for other purposes as nearly aligned to my original intent as Session and Pastoral staff deem appropriate under the circumstances.*

**Official Name for Documents:**

*Chapel in the Pines Presbyterian Church, Inc.*

*(There are churches in other states with the same name; please include our church's address; 314 Great Ridge Parkway, Chapel Hill, NC, 27516; 919.960.0616; treasurer@citppc.org; www.citppc.org.)*

(Explanation from *Why Presbyterian Foundation?* section)

## Faith Based and Socially Responsible Investing

The Presbyterian Foundation (FDN) has faithfully followed the investment guidelines of the General Assembly throughout its 200+ year history. The investment approach to socially responsible investing is faith-based — drawing on Presbyterian Values of theological, social, and economic considerations.

The Foundation uses three main ways to execute a socially-responsible investment strategy:

### 1. **Shareholder Advocacy:**

1. *Proxy Voting* — The FDN votes all proxies for companies that we own in a socially responsible way, that seeks to encourage companies to be better corporate citizens.
2. *Shareholder Engagement* — The FDN engages alongside MRTI (Mission Responsibility Through Investment) with companies that we own to bring about corporate change for social good.
3. *Shareholder Resolutions* — The FDN uses shares owned to file and co-file corporate resolutions that encourage better corporate practices for environmental, social and governance issues.

### 2. **Community (Impact) Investing:**

Microfinance — The FDN makes loans in economically depressed areas of the world by providing working capital to communities not served by traditional financial services.

### 3. **Screening:**

1. Positive Screens — Environmental, Social and Governance research, ratings, and analysis on business practices of companies for which we invest.
2. Negative Screens — The FDN follows General Assembly guidelines and prohibits investment in alcohol, tobacco, weapons, gambling, human rights offenders, and for-profit prisons. All other sectors of the market are available for investment by FDN investment managers.

*Presbyterian Foundation is a signatory of the UN-supported Principles for Responsible Investment (UNPRI). Further information regarding the Presbyterian Foundation's signatory status and the Principles for Responsible Investment can be found at [www.unpri.org](http://www.unpri.org). The Presbyterian Foundation has also developed a Responsible Investment Policy and is committed to integrating ESG risk factors into its investment process, which entails a bottom-up fundamental approach to each investment opportunity. The primary objective of the report is to enable signatory transparency on responsible investing activities and facilitate dialogue between investors and their clients, beneficiaries, and other stakeholders.*