

What is an endowment fund?

An endowment fund is a specific pool of money that seeks to hold its value forever. The fund receives the gift of money (or the financial equivalent of property, stocks, bonds, etc.) from a donor or the estate of a donor and the proceeds from the interest made from that gift are distributed to specific ministries and missions of the congregation. For instance, if someone gives a gift of \$100,000 to an endowment fund, that same \$100,000 will be working twenty years from now. In those twenty years, given the present economic conditions, that \$100,000 will have paid out more than \$80,000 for mission and ministry.

Why is an endowment fund a good idea?

An endowment fund gives SOTH a means to receive large gifts from donors or the estates of donors. Because the philosophy of the fund, its security, and its management have been established through the congregation-approved by-laws, a potential donor can have the peace of mind that his or her gift will be managed and used in a responsible way for the greater mission and ministry of God in the world and that the gift will continue to bear fruit into perpetuity. An endowment fund also allows SOTH to fund mission, ministry, and leadership development outside of its own yearly budget and outside of its own walls.

How will the proceeds of the interest of the fund be spent?

The bylaws of the proposed Endowment Fund of SOTH outline that future distributions be divided up equally into four categories:

1. **Local/regional mission or ministry** outside of the normal yearly operating budget of SOTH. Examples of this would be the FISH Food Pantry or our local ELCA church camp.
2. **National/international mission or ministry** outside of the normal yearly operating budget of SOTH, such as supporting an ELCA missionary or overseas hospital.
3. **Leadership development**, such as a student scholarship for seminary.
4. **Unbudgeted property expenses of the SOTH building and grounds**. Examples of this would be a new roof or the remodel of our offices.

An Endowment Fund committee will be elected by the congregation. Part of the job of the committee is to solicit ideas for the yearly distribution of the proceeds as long as it fits within the above criteria.

Who will manage the investments of the Endowment Fund?

Pending the congregation's approval, the *ELCA Endowment Fund Pooled Trust – Fund A* will manage the investments of the SOTH Endowment Fund. *ELCA Endowment Fund A* 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. *Fund A* is administered by the ELCA. The ELCA Board of Pensions (doing business as Portico Benefit Services), is the investment advisor. *ELCA Fund A* manages the endowment funds of nearly 800 ELCA congregations, totaling more than \$650,000,000 of investment. **The 2024 value of the fund is \$1,125,476.407.**

Fund A is not a mutual fund, although it shares similar features—including unitization and diversification among many securities and professional investment managers.

In the opinion of the committee that has drafted the proposed SOTH Endowment Fund, there are many factors that make the *ELCA Endowment Fund A* a faithful and logical choice. In addition to what has already been mentioned above, the *Fund* practices socially-conscious investment practices, such as NOT investing in alcohol, firearms, and gambling. The *ELCA Endowment Fund A* also provides assistance to its investing congregations in helping to establish and market the congregation's own endowment funds as well as working with individual donors in helping them create their own trusts.

For more information, see <http://elca.org/Resources/ELCA-Foundation>

How will it be decided as to what person or ministry will receive the yearly grants from the endowment?

The proposed bylaws of the Shepherd of the Hill Endowment Fund establish four areas where the earnings will be equally distributed; a) local/regional ministry projects, b) national/worldwide ministry projects, c) leadership development, and d) non-budgeted property projects. An elected Endowment Fund Committee will request recommendations from the congregation as to specific projects within these categories. From the received recommendations, the Committee will then submit their decisions to the Church Council for its approval as to where the grants will be awarded.

How could I donate to the proposed Shepherd of the Hill Endowment Fund?

Gifts can be made *now* through cash, publicly-traded securities, closely-held stock, and real estate which allow you to make an impact on ministry today and seek an immediate charitable deduction. Gifts can be made *later* through a will or bequest, beneficiary proceeds (such as retirement assets or annuities and life insurance), or deferred gifts that allow the giver to keep control of the use of assets while living and make a charitable gift upon death.

If you are interested in donating either now or in the future, please contact the church office at 815-838-0708 or:

Josh Kerney
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of the ELCA Foundation
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530-520-0142

Josh is an employee of the ELCA and does not work on a commission. He is registered investment advisor and is available to meet with you on an individual basis.

Are gifts tax deductible? Yes. Gifts to the Endowment Fund will be used for religious, charitable, and educational purposes in accordance with the Internal Revenue Code.

Tax benefits from gift of property whose current market value significantly exceeds the cost basis of such property may provide additional tax benefits. You should consult with your tax advisor or other qualified individual to ensure you maximize your tax benefits.

Does the Endowment fund replace the Memorial Gifts Fund?

No, it does not. Frequently, Shepherd of the Hill receives gifts in memory of, or in honor of, individuals and events into the Memorial Fund. The *Endowment Fund* is an alternative to the Memorial Fund.

Where can I find more information about SOTH's Endowment Fund? Copies of the bylaws are available from the church office. The members of the Endowment Fund's committee are:

Daryl Caneva
Tina Baker
Diane Martling
Christine Wallace
Kimberly Bell
Mike Bjerum
Ed Grabenhofer
Pastor Jon Pedersen

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Endowment Fund

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