

Church Investments and Endowment

PRESENTED BY

Dr. Johnathan W. Gray

President/CEO

Georgia Baptist Foundation

jgray@gbfoundation.org

Investment Questions

- What is the purpose of the fund?
- How long until the church will use the funds?
- Does the church need regular income from the fund?
- How liquid do the funds need to be?
- What is the risk tolerance of the congregations?
- What is the overall investment knowledge of the congregation?

Investment Terms

- **Investment Horizon** – how long to invest
- **Liquidity** – how quickly to withdraw
- **Risk Tolerance** – how much market swing is ok
- **Securities** – how it is invested
 - Equities
 - Fixed Income
- **Portfolio** – fund of various investments
- **Asset Allocation** – how diversified is the portfolio

Types of Funds

Short-Term Funds

- Short-Term Reserve Funds
 - 3-6 months of annual budget
 - 12-36 month investment horizon
- Short-Term Designated Funds
 - Various amounts
 - 12-36 month investment horizon
- Short-Term Building Funds
 - Various amounts
 - 12-36 month investment horizon

Types of Funds

Long-Term Funds

- Long-Term Reserve Funds
 - 3-6+ months of annual budget
 - 48 month+ investment horizon
- Long-Term Designated Funds
 - Various amounts
 - 48 month+ investment horizon
- Long-Term Building Funds
 - Various amounts
 - 48 month+ investment horizon
- Endowment Funds
 - Various Amounts
 - Infinite investment horizon

Christian Stewardship Perspective

- Fees
- Negative Screens – immoral business activity
- Positive Screens – impact focused
- Proxy Voting and Shareholder Engagement

The Ministry Fund

- Long-term Investment Strategy
- Institutional Management
- Diversified Portfolio
- Long Term Track Record – 40 years +
- Reliable Income
- Competitive Fees

The Ministry Fund

The investment objective of The Ministry Fund is to provide an average return of 7.5% over a full market cycle (5-7 years). This objective enables the portfolio to pay out approximately 5% annually and retain 2.5% in the portfolio to offset inflation.

Church Endowment

Recommendations

Over the last 20 years, many thought leaders for the church have encouraged congregations to have multiple income streams.

Recommendations

Over the last 20 years, many thought leaders for the church have encouraged congregations to have multiple income streams.

Recommendations

The New Context for Ministry

Lyle Schaller - Copyright 2002, pg. 190

“How many potential incomes streams are now being utilized by your congregation?”

Recommendations

The Great Evangelical Recession

John Dickerson - Copyright 2013, pg. 175

“Create legacy vehicles , such as bequeathals or ministry trusts, so their gifts can outlive them.”

Recommendations

The Coming Revolution in Church Economics

Mark Deymaz - Copyright 2019, pg. 126

“We are encouraging your church and churches everywhere to create multiple streams of income so they will no longer be limited by stagnate and declining tithes and offerings, or entirely dependent on them.”

Recommendations

We believe a church endowment fund is an excellent additional income stream.

Historical

The first three centuries of the church introduced a means of finance that was to be one of her chief sources of revenue throughout the coming centuries, namely, endowments.

Luther Powell, *Money and the Church*, Page 23.

Biblical

But the fields of pastureland belonging to their cities may not be sold, for that is their possession forever.

Leviticus 25:34

Vision

For every Georgia Baptist church to have an endowment fund large enough to offset 15% of their annual operating budget.

Endowment Fund Goal:
3X Annual Church Budget

Why 15% ?

1. Represents the average amount churches spend on fixed costs
(Giving goes to personnel, ministry, or missions)
2. Does not negatively impact giving by creating an unhealthy dependence
3. Creates a realistic goal that churches can achieve
4. Provides opportunity for more ministry

Challenge

Seek to create an endowment fund for your church that offsets 15% of your annual operating budget, with 90% of the income benefiting your church and 10% benefiting the GBMB Cooperative Program budget.

Potential Process

- GBF establishes an endowment fund on behalf of the participating church.
 - Income is at the direction of the finance committee with no restrictions.
 - The principal of the fund is permanently restricted.
- GBF hosts an estate planning and giving seminar in the church to promote the endowment fund.
- GBF offers cash, non-cash, and online giving options to the endowment fund.

Church Endowment

Questions?

**Start your
Church Endowment Fund
Today!**

contactus@gbfoundation.org



CHURCH FINANCIAL CONFERENCE