



# Scholarship, Cemetery, and Endowment Accounts

**PRESENTED BY**

**Dr. Johnathan W. Gray**

*President/CEO*

*Georgia Baptist Foundation*

*[jgray@gbfoundation.org](mailto:jgray@gbfoundation.org)*

# General Information

# What is an endowment account?

An endowment account is an account where the gifted principal of the account is invested in perpetuity and the income from the invested principal is used annually for a ministry purpose.

# Things to Think About . . .

- **Income Distribution Timing**
  - Quarterly
  - Annually
  - Upon request
  - Reinvest
- **Income Distribution Authority**
  - Special Committee
  - Ministry Staff
  - Team or Committee
- **Contingent Beneficiary**
  - What happens to the fund or income if the ministry changes or ceases to exist?
- **Best Steward Language**
- **Minimum Fund Amount**

# What is an appropriate invest strategy?

An endowment account should be invested in such a way that creates the highest probability of earning an appropriate annual payout percentage (4-5%) plus an additional amount to offset inflation (2-3%) over an economic cycle (5-7 years).

# Scholarship Accounts

# Scholarship Accounts

- **Type of Accounts**
  - Educational
  - Ministry – mission trips or camps
- **Income Distribution**
  - Educational – annually
  - Ministry – annually or quarterly
- **Recipients**
  - Broad candidate availability
  - Determined by a committee
  - Limited family involvement

# Educational Scholarship Accounts

## Regulatory Expectations

- Broad class size
  - Who can receive the scholarship?
  - How often is it awarded?
- Appropriate selection process
  - Very limited family involvement
  - Reasonably sized recipient group
- Accurate long-term record keeping
  - Minutes of selection process
  - Candidate biographical information
  - Enrollment Verification
  - Award year and amount

# Questions

# Cemetery Accounts

# Cemetery Accounts

- **Type of Accounts**
  - Revocable
  - Irrevocable
- **Income Distribution**
  - Quarterly
  - Reinvest
- **Fund Size**
  - Inflated amount for annual care and multiple by 20-25.
  - This allows for a 4-5% annual payout.
- **Best Steward Language**
- **Cease to exist plan**

# Questions

# **Personal & Memorial Accounts**

# Personal & Memorial Accounts

- **Type of Account**
  - Irrevocable
- **Income Distribution**
  - Quarterly or Reinvest
- **Fund Size**
  - Minimum of \$5-\$10k
    - We recommend \$10k or \$5 with plan to get to \$10k.
- **Clear and Approved Purpose**
- **Best Steward Language**
- **Cease to exist plan**

# Questions

# **Family Foundation Accounts**

# Family Foundation Accounts

- **Type of Account**
  - Donor Advised Fund
- **Income Distribution**
  - Predetermined by donor
  - Determined by successor advisor
- **Fund Size**
  - Minimum of \$5-\$10k
    - We recommend \$10k or \$5 with plan to get to \$10k.
- **Clear and Approved Purpose**
- **Initial Funding**
  - Living Gift, Planned Gift, or Estate Gift
- **Cease to exist plan**

# Questions

# How to create an endowment account?

- Make donor and beneficiary entity decisions
- Gain approval from beneficiary entity leadership
- Create and execute governing documents
  - Approved and signed before gift is given
  - Georgia Baptist Foundation can prepare or assist
- Fund the account
- Determine ongoing management solution

The background of the image is a dark, blue-tinted photograph of a church building with a prominent steeple. Overlaid on the right side of the church is a white line-art illustration of a church building with a cross on top. The text "CHURCH FINANCIAL CONFERENCE" is centered over the image. "CHURCH" and "FINANCIAL" are in a large, white, bold, sans-serif font. "CONFERENCE" is in a smaller, dark blue, bold, sans-serif font and is contained within a white rectangular box.

# CHURCH FINANCIAL CONFERENCE