

What is an endowment?

This past month, a team of five from the Chancery office, including myself, has been making presentations throughout the diocese to answer this exact question. What is an endowment? Or better yet, how does an endowment assist the parish or organization that it is established to benefit, and how does it work?

For most of us, we think of an endowment, as an account that has been established in which the principle is not spent, allowing all growth from investments to be spent to provide a source of income to fund the particular entity for which it was established.

Let's use an example. An endowment is established with a \$50,000 gift from a donor to benefit St. Joseph parish in Wichita. The gift (called the historical contribution amount) would be invested in a fund with other endowments that exist in the Diocese of Wichita. Currently, there are 88 endowment funds in the Diocesan Endowment Program, representing parishes, agencies, programs or schools across the diocese.

As the fund grows, a predetermined amount of money (currently set at 4%) is available for spending for the cause it has been established to assist – in this case: the needs of St. Joseph parish.

Now, let's just assume that several other donors desire to make a gift to the endowment. They collectively contribute another \$100,000. The endowment would have a total of \$150,000 of principle that could not be spent, but whose earnings would now provide an even greater revenue source for the parish. As the amount of money now earning investment income is greater, more money is available to spend on needed items in the parish.

This is called a true endowment. Although there are other types of endowments, this certainly is the most typical type that most people consider.

This is basically how an endowment works. Most parishes in the diocese have endowments. All diocesan high schools and nearly all Catholic agencies have established an endowment. All endowment investments are overseen by the Diocesan Investment Committee and managed by professional investment managers.

There are many reasons why people would want to contribute to an endowment, but most say that it is because they wish to give a gift that lasts forever and will continually be providing benefit.

For confidential information about establishing or contributing to an endowment, contact Mike Wescott, Director of Development and Planned Giving, at 316-269-3915, e-mail him at [plannedgiving@cdowk.org](mailto:plannedgiving@cdowk.org), or visit our web site: <http://plannedgiving.cdowk.org>.