

Endowments

CATHOLIC DIOCESE OF WICHITA



*With the
Spring
comes new hope.*



*With the Spring
comes new growth,
sustenance and hope . . .*

*the essence of an
endowment is one in
the same.*

This brochure is designed to be an educational resource and is not intended to provide legal or tax advice. Please consult with your attorney or tax advisor.

What is an endowment?

Endowment gifts are to a parish what retirement funds are to an individual – they represent set-aside resources for the future. There will always be a need for current gifts to provide for ongoing programs and special needs. However, endowment dollars can make it possible to underwrite programs, projects, positions and even facilities that might be impossible to maintain otherwise. A strong endowment program provides financial depth and permits confident planning.

Endowment gifts can be given in remembrance of someone or in gratitude to the church through a gift of cash, stock, a bequest, insurance or a life income gift.

An endowment provides for the future of the church, school or ministry. An endowment fund is created to meet unforeseen emergencies, to fund innovative programs and to provide for the challenges of tomorrow.

An endowment gift is a gift in perpetuity. It leaves a lasting impression of your personal values and beliefs for both the charity and for family and friends.

How do I know if my parish or diocesan organization has an existing endowment to which I could contribute?

For answers to any specific questions concerning the endowment program, please contact the Office of Development and Planned Giving at 316-269-3915 or email at plannedgiving@cdowk.org.

What is the benefit of creating an endowment fund?

There are several benefits for parishes and other organizations to have an endowment. First, an endowment can fund future ministries within a parish. It may also be needed to fund unbudgeted operating expenses that occur from time to time in a parish. Some parishes may use the endowment for scheduled or unscheduled maintenance, renovation or improvements of parish properties. Finally, a parish or diocesan entity could use income from an endowment to provide enhanced religious education, adult education and spiritual formation for parishioners.

What attracts donors to give to an endowment fund?

The Endowment Program allows giving to future needs of the church. It also can provide a unique opportunity to honor or memorialize a loved one. Finally, the endowment program allows a greater degree of flexibility and focus in achieving personal giving objectives established by donors.

What types of endowments are there?

There are basically three types of endowments: true, quasi and term.

The true endowment

A true endowment is established by donor-restricted gifts and bequests to provide a permanent source of funding. It must be maintained permanently (invested in perpetuity), not used up, expended, or otherwise be exhausted below the historical contribution amount. Only the earnings on a true endowment can be used as a source of income.

The quasi endowment

A quasi endowment is often referred to as “funds functioning as an endowment.” A quasi endowment may be derived from donor restricted gifts and bequests or from internally designated funds. In a quasi endowment, the source of income derived from the investment performance as well as the historical contributions can be used as funding. In a quasi endowment, funds are invested to provide funding for a long but unspecified period. A quasi endowment should not be used as a savings account.

The term endowment

A term endowment is established by donor-restricted gifts and bequests to provide a permanent source of funding for a specified period of time or with some other type of restriction. The funds of a term endowment must be treated as a true endowment until the restricted term expires. Upon expiration of the term, the endowment is treated according to a donor's initial instructions.

More about endowments

Who provides oversight to the investment of endowed funds?

The Catholic Diocese of Wichita, in keeping with diocesan investment policies, oversees the investments within all endowments. An investment consultant will be responsible for the day-to-day oversight of the diocese's pooled endowment fund. Selected fund managers and the consultant provide regular reporting to the Diocesan Investment Committee.

Is it possible to leave a bequest to the endowment rather than a cash gift?

Absolutely! Contributions made through planned gifts, including wills and bequests, are an important source of income for an endowment.

Why should I contribute to the endowment?

An endowment can accomplish the following:

- **Provide support.** A perpetual flow of annual gifts from an endowment will assist a parish long after we are gone.
- **Promote stability.** Every endowment strengthens a parish's financial base, helping the parish meet current and future obligations, attract new contributors and make capital improvements.
- **Produce a legacy.** An endowment will outlive us. It will be a timeless record for future generations of our values and our love of the church and parish life.

How can I start an endowment in a person's name?

Endowments can be established in memory of someone who has died or perhaps in honor of someone who is living.

What amount is paid out each year?

Per guidelines as established by the Catholic Diocese of Wichita's Investment Committee, which oversees the investment of all endowment funds, there is a 4% spending limit for true endowments. This spending guideline is reviewed on an annual basis with recommendations made to the Bishop as to the appropriate amount for spending.

For a quasi-endowed fund, payouts are made as directed by the donor and documented in a gift agreement executed at the time of the gift.

Can I restrict the purpose for which the endowment is established?

The simple answer is yes.

But, generally speaking, the very best use of proceeds of an endowment is for general operating needs. Each year, those needs change, depending on other sources of funding within the diocese. That being the case, restricted funds (fund given for a specific purpose) can be given if the restriction meets a need within the diocese and is recommended by the Diocesan Endowment Advisory Committee and approved by the bishop.

Having said this, donors desiring to restrict the income proceeds of an endowment can restrict those proceeds as long as the diocese has need for a restriction of this type.

Can others donate to the named endowment that I have established?

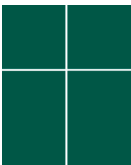
Yes, others may donate to a named endowment provided they agree to all the restrictions specified by the originating donor.

What kind of a tax deduction can I take for a gift to an endowment?

Although we don't give tax advice, typically a gift to the endowment should be considered the same as any gift to a charitable organization.

Is there a minimum amount that will establish an endowment?

Generally speaking, the answer is no. It does depend though on the kind of endowment the donor is establishing and the purpose of the endowment. For more information, contact the Office of Development and Planned Giving at 316-269-3915 or email at plannedgiving@cdowk.org.



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