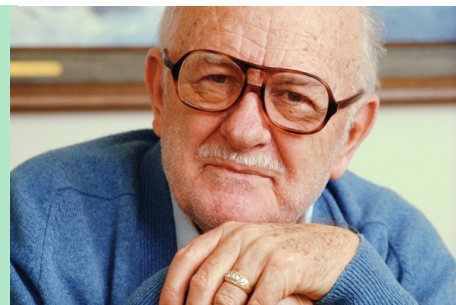


Q's & A's about... ...Creating an Endowment



Q. My friend's church benefits from an endowment created some years ago. Just what is an endowment?

A. An endowment is simply a gift whose principal is invested to grow over time, and from which only the earnings are available for spending each year.

Q. Can individuals create an endowment?

A. Absolutely. Many persons make an endowment part of their lifetime stewardship plan. Since they have chosen to support their local church and its ministries during their lifetime, they use an endowment to continue their annual support, even after their lifetime.

Q. How does that work?

A. For example, a provision in your will can create an endowment, fund it with the amount (or percent of your estate) you choose, and direct

that each year the earnings be released to your church (or other ministry or agency) for the purpose you specify.

Q. How long will my annual endowment distributions continue?

A. In perpetuity—which is quite a long time.

Q. Can I also start an endowment during my lifetime?

A. Yes. You may also add to your endowment over time.

Q. Can the Foundation manage this for me?

A. Yes. We can serve as trustee and administer your endowment to carry out your specific charitable wishes.

Q. How do I accomplish this?

A. We work with you to produce a simple Memorandum of Understanding which contains the guidelines for administering your endowment.

Endowments: Bearing Fruit for God's Glory



Endowment Funds are a permanent gift for generations to come.

They sow seeds of love and faith, similar to planting a garden. A gardener sows the seeds, gives them nourishment and watches them grow over time, reaping the benefits of a yearly harvest.

An endowment fund lets you create **permanent annual support** for the United Methodist ministries that mean the most to you.





Fred's plan to endow church ministries

• Fred Larson volunteered at church with youth groups, committee leadership and visitation for many years - both before and after his retirement.

- Fred loves his church, and has shown that both by his own service and participation in its ministries, and by his annual giving to support the church's yearly operating budget.
- Fred also realizes that after his lifetime, the church's budget will decrease by the amount of his yearly giving. He would like that annual gift to continue.
- So, Fred has left a bequest in his Will, as an endowment, to be administered by the Kentucky United Methodist Foundation for the benefit of his church.
- The earnings from his endowment will provide a yearly distribution to fund ministries at his church, just as his annual pledge did during his lifetime.
- The "Fred Larson Endowment Fund," administered by the Kentucky United Methodist Foundation, will continue in perpetuity.

- Fred used a "20 to 1" rule-of-thumb for funding his endowment.
- He wants his endowment to provide at least \$2,500 per year - every year.
- So, Fred specified in his Will to fund his endowment with \$50,000 (20 x 2,500).
- A 5% annual distribution will provide \$2,500 yearly.
- As his endowment grows through the years, so will the annual distribution to his church.



■ Endowment Amount
■ 5% Distribution

If your annual gift is	You can endow it with
\$250	\$5,000
\$500	\$10,000
\$1,000	\$20,000
\$2,500	\$50,000
\$5,000	\$100,000
\$10,000	\$200,000

Contact the Foundation for more information on creating your own permanent endowment.