A Legacy and Endowment Effort within a Capital Campaign

Most people have three pools or resources for financial giving: disposable income, which typically funds stewardship and the annual operating budget of the parish; appreciated assets, which may be given in the context of a capital campaign; and estate giving, which typically funds endowments. Sadly, the vast majority of parishes never get further than an every year effort to speak to people about their disposable income.

Within the context of capital campaigns that consideration of parishioner’s ability to give is extended beyond disposable income. We often meet with a percentage of prospective donors who have significant wealth but it is illiquid or is producing the funds that allow them to live comfortably in retirement. Sometimes these prospects would like to do more for the campaign than their limited cash flow will allow. Here is the excellent possibility of a future estate gift.

In many capital campaigns conducted by the author, an endowment effort coincided with a capital campaign. This is not as confusing as it may first appear. People quickly understand that capital giving is in the present tense and endowment giving is in the future tense, typically after falling asleep in the Lord. Ninety percent of endowment giving in the nonprofit world is through simple bequests. This is easily managed by a parish.

It’s important for leaders of parishes to understand that the very largest gifts that come to charitable institutions are estate gifts. It is estimated that without ever mentioning estate giving to a group of long time donors (parishioners), 3% have the charity in their wills. What would happen if this practice were visibly encouraged in a parish? Whereas the present membership may not enjoy the benefits of this effort, future leaders will offer thanksgiving to God and the mission of the parish will be advanced and sustained by good work done now.

The suggested language below regarding enrolling parishioners into a Legacy and Endowment Society should be spoken to them following discussion regarding their participation in the capital campaign.

“In order to ensure the long term wellbeing of the parish and the maintenance of the new facilities (or, the support of new program initiatives), (name of parish) is initiating an endowment program encouraging people to remember the parish in
their estate plans. We have been very encouraged by how many families in the parish have positively responded to this initiative.

Many families visited thus far concerning the building program, have indicated either they already have the parish in their estate plans or that they are willing to do so. Many of these families have children, who of course will likely receive the bulk of the estate, but these families felt that they could also do something for the parish.”

The endowment program will offer two ways for people to participate – one way is to make a testamentary gift to an endowment that is for new programs, services, activities and initiatives to fulfill the mission of the parish – but NOT for operating costs. Operating costs should rightly be funded through stewardship giving. This fund would hold the principal inviolate in perpetuity withdrawing only 4% of the value of the fund each year, as nationally recommended by NACUBO (National Association of College and University Business Officers).

A second fund, called the Capital Needs Endowment, would be earmarked for property acquisition, new construction and major renovations. The entire fund, including the principal would be available for this use.

Later this year or early next year we will officially launch the program announcing the families that are participating.

“How do you feel about our request?”

An Endowment and Legacy Society brochure should be available to give to prospects.

The responses of parishioner families should be noted, placed under strict confidentiality in the parish database and politely followed up. A little work here has the potential of achieving very significant results if we take the long term view.