

DOLLAR SENSE

BUILDING YOUR CHURCH'S FINANCIAL FUTURE ONE BRICK AT A TIME!

Vol. III: Issue 1 A Service of the Desert Southwest United Methodist Foundation January 2005

**HAPPY
NEW
YEAR!**

This Newsletter's purpose is to provide clergy and lay leaders of the Desert Southwest Annual Conference with reliable and consistent financial information that we believe you need to help secure your church's financial future.

In every issue of **DOLLAR SENSE**, information under the following headings is provided:

**ENDOWMENT
FUNDING**

**ESTATE
PLANNING**

**CHARITABLE
GIVING**

INVESTING



**Desert Southwest
United Methodist
FOUNDATION
DSUMF
602-266-6956**

On behalf of the DSUMF Board of Directors, Lucille Sterling, and myself, we wish you a happy, healthy, and prosperous 2005! The word must be spreading about our web site because we had 36% more visits in December than the average number of visits for the three preceding months! While visitors are at our site, they are visiting more pages too! We owe this to you, our loyal readers, who are recommending our site to others. Keep up the good work!

**ENDOWMENT
FUNDING**

Occasionally, donors contact us or are referred to us by Pastors, Finance Committee Chairs, Church Foundation Chairs, etc. about their desire to establish an endowment fund to support scholarships or the homeless or some other mission-related project. Donors who choose to create Donor Designated Endowment Funds have a particular passion and put their money where there passion is!



In the "non-profit" world, we call a "Donor Designated Endowment Fund a DDEF.

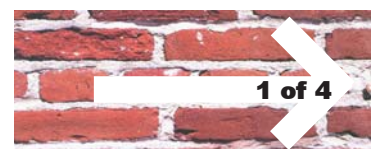
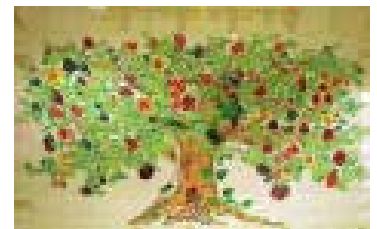
A donor's gift to a DDEF is tax-deductible. When such a fund is established with us, we'll assist the donor with creating the proper documentation for the future management of the fund. We'll also provide the donor with all the IRS documentation they need to claim their deduction.

Some non-profit organizations (NPOs) will accept almost any type of DDEF for any purpose regardless of the fund's intended purpose or their mission just so they can charge a management fee for investing and accounting for the income and distributions from the fund. The standard management fee is 2% per year of the fund's end-of-year balance, but some NPOs charge much higher fees.

We, here at DSUMF, have strict Gift Acceptance Policies that address the type and beginning dollar amount of the DDEF that we'll accept. Our Gift Acceptance Policy Statement regarding DDEFs is as follows:

To establish a Donor Designated Endowment Fund (DDEF), the fund must begin with an outright gift of cash or securities with a fair market value of at least \$7,500. Or, The fund may be started with a smaller gift of cash or securities, but must be permitted, via market growth or additional deposits, to reach the minimum required level before any distributions are made.

At least 51% of the proceeds of the DDEF must be intended for a United Methodist-related



ENDOWMENT FUNDING

Continued

purpose or mission project.

The DDEF shall pay out, at the end of the year after the DDEF is created and beyond, at least 80% of the fund's total return from the prior year's gain to the program or project designated by the donor. The remaining market gain (20%) must be reinvested into the original principal of the fund. (This practice forces growth in the fund over time.)

Donors shall receive an annual report detailing the investment performance and distributions from the fund.

DSUMF charges an annual management fee of 2% taken at the rate of 0.00166% at the end of each month. This is an all-inclusive fee that provides for Investing, Accounting, Auditing, Distributions, and all other management activities.

Currently, the DSUMF manages over 30 DDEFs that total more than \$1.1 million. The purposes of these funds range from scholarships to helping the homeless to starting

new churches to providing camperships for children who want to attend our camps, but don't have the funds to do so. If you are aware of someone who has a passion for a specific United Methodist-related program, project, or mission, and you think they could benefit from establishing a Donor Designated Endowment Fund, then let them know we are here to help!

ESTATE PLANNING

On Saturday, January 15, 2005, for the third year in a row, our Estate Planning Seminar Season begins at Spirit of Joy UMC in Coolidge, AZ. It seems that Ted Wagner and the folks at Spirit of Joy UMC like to start the new year off right with a review of their existing estate plans, and an update on new tax laws affecting those plans. Every person who attends our estate planning seminar receives our FREE, 80+ page, Estate Planning Primer. Every year, several members of the congregation who haven't attended previous seminars decide to attend; they learn all about estate planning. Some of them are satisfied with their existing plans. Some don't have any plans and decided to create them. Some already have plans but they are so outdated that

they decide to throw out their old plans and start with brand new ones.

Our estate planning seminars are co-presented with an estate planning attorney who offers a FREE, no-obligation consultation. The consultation is done at the member's church or at their home at a time that is convenient for both parties. The consultation can be a simple document review, if estate plans already exist, or the consultation can be used to begin the estate planning process from scratch. It is up to the member to direct the nature of the consultation. In all consultations, the member will be asked to consider making a gift from their estate to your church.

We begin our 11th year of estate planning seminars for churches in the Desert Southwest Annual Conference. In the past ten years, we've presented at more than 90 different churches and fellowships in the Conference. We've done more than 370 seminars for more than 8,500 members of our Conference churches.

Over half of these 8,500 church members have requested and received follow-up consultations. More than half of these have created new estate plans and several

hundred members have included gifts to their churches in their estate plans because we've asked them to give such gifts consideration. Gifts to churches, in the form of bequests, have already materialized in a few of those cases.

**PLEASE
SCHEDULE
YOUR
2005
ESTATE
PLANNING
SEMINAR
NOW!
CALL
602.266.6956**

**"Compound Interest
is the 8th
Wonder of the World!"**



ESTATE PLANNING CONTINUED

CHARITABLE GIVING

More important than the gifts a church might receive from a member by hosting an estate planning seminar is the fact that with a properly prepared, up-to-date, estate plan, the member:

1. Will not leave his or her heirs with financial burdens.
2. Will be able to avoid the costs and delays associated with probate, and,
3. Will be able to keep their estate plans private, rather than open for public disclosure.

Think of all the frustrations, pain and anguish that could be reduced or eliminated from survivors of the deceased if everyone prepared a sound, comprehensive estate plan.

It is time for you and your church to begin to reduce survivor anguish by scheduling an estate planning seminar for your members now! Estate planning is not just a "once-and-done" event. Estate planning is a process; the process changes as tax laws change, as new births occur, as deaths occur, as divorces and marriages occur, as life happens.

In his book The Passionate Steward, published in 2001, Michael O'Hurley-Pitts calls the Church to be true to its own message. He argues convincingly that Christian stewardship has little to do with funding budgets, naming opportunities, duty, or who gives the most. It is rather about our individual use of our time, talent and treasure and corporately as a church and as a congregation within a church, to engage in prayer, worship, mercy, kindness and acts of charity.

Stewardship is not how much money we give or how much we can raise. Stewardship has more to do with our generous response in praise and honor of our generous Creator God.

Christian stewardship is the proper and generous use of our time, talent, and treasure; it is all that we do with our lives after reciting our baptismal promises; it is about joyfully returning to God a portion of that bounty which He has bestowed upon us.

We're all aware of the difference between wealth and poverty. What really matters, however,

is not wealth or poverty, but **generosity**.

A good steward understands his or her wealth **as a gift from God** and shares it proportionately. This means even the poorest of the poor can be a good steward if they are generous with what they have.

Surely you can recall the widow in Mark 12:41-44, who gave her mite, which was "all she had to live on." This widow gave a gift vastly more generous than the large gift of a wealthy person. The widow's gift was given from the deep well of her generous soul.



Poor stewards, by contrast, are more concerned with the dollar amount, recognition, or what may be gained in return for their gift.

A couple of years ago, I had the good fortune to visit with an anonymous donor to the BOLD IN CHRIST Capital Campaign. The donor and his wife gave over \$1 million to the Campaign. I was moved by the depth

of their commitment to the Campaign. I asked why they were making such a large gift.

The answer wasn't surprising to anyone who understands what it is like to have the privilege to associate with truly generous people. The donors responded that the gift made them whole; that it warmed them to the depths of their souls.

These people and their actions epitomize the purest form of true passionate stewardship! Perhaps the following prayer from O'Hurley-Pitts' book, will serve to reenergize all of us and our efforts to become passionate stewards.

God, make me a steward of your bounty.

**Where there is need,
let me see it;
Where there is abundance,
let me share it;
Where there is time,
let me spend it;
and where there is treasure,
let me use it to your glory!**





**DSUMF
WELCOMES
ALDRSGATE
UMC
FOUNDATION
&
TEMPE FIRST
UMC
FINANCE
COMMITTEE

TO
OUR
GROWING
FAMILY
OF
AGENCY,
BOARD,
AND
CHURCH
INVESTORS!**

In the last issue, we wrote about a slight chance that DSUMF may exceed \$2 million in new deposits by the end of 2004. Well, we went right down to the wire by making final, year-end deposits on New Year's Eve, BUT WE DID IT! For the first time since the beginning of the BOLD IN CHRIST Capital Campaign in 2000, we exceeded \$2 million in new Deposits in a single year!

We extend our warmest welcome and most sincere appreciation to the folks associated with the Aldersgate UMC Foundation and the Tempe First UMC Finance Committee. Aldersgate UMC Foundation and the Tempe First UMC Finance Committee became our 45th and 46th Investment Accounts, respectively. With their deposits, we ended 2004 with more than \$9 million under management.

The DSUMF's investment strategy with its 60% equities/35% bonds/5% managed futures Asset Allocation Model proved to be a sound investment for the agencies, boards, and churches of the Desert Southwest Annual Conference that use our service. Our gross-of-fees, annualized, rate-of-return for 2004 was 9.455%. Our performance exceeded that of all three major market indexes (DJIA=3.05%, NASDAQ =7.91%, SP500=8.25%). As a matter of fact, our 9.455% exceeded the S&P 500 index by 1.205 percentage points, or by 14.6%!

Our 2004, net-of-all-fees, annualized, rate-of-return was 7.605%. In other words, a church that deposited \$100,000 with us at 1/1/04 had an end-of-year, 2005 balance of \$107,605 after all expenses.

This rate-of-return brings our 3, 5, 7, and 10-year rates-of-return to 6.10%, 2.83%, 5.21%, and 10.33% respectively.

Our portfolio is screened according to the Social Principals of the United Methodist Church. It is fully invested, actively managed and has more than 300 positions in the market. Our level of risk, as measured by standard deviation, is lower than a portfolio made up of 100% bonds! Our depositors' accounts are audited by independent auditors, and we provide all this for an all-inclusive fee of 1.85% per year.

We adhere to the 27 investment practices required by three acts of congress. If your church does not adhere to all 27 investment practices, or if your church's long-term funds are invested in money market funds, mutual funds, or bonds, then give us an opportunity to talk to you about our nationally recognized investment service. The presentation is 40 minutes and it is free. What do you have to lose? Contact

rick@dsumf.org to schedule your Investment Service Presentation NOW!



**Support
Your Favorite
United Methodist
Ministry.**

**DONATE
YOUR USED
VEHICLE!**

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Any Condition,
Running or Not!

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Documents!

Support Your Church!

This program is raising
serious income for its
participants!

