

DOLLAR SENSE

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

Vol. V: Issue 3 A Service of the Desert Southwest United Methodist Foundation March 2007



This Newsletter's purpose is to provide clergy and lay leaders of the Desert Southwest Annual Conference's agencies, boards and churches 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**

THANK YOU!

Our website has no frills, no flash, no advertising; it is just plain old educational information done the best way we know how. For the second month in a row, our website has received more than 1,000 visits! WOW! More and more people are signing up to automatically receive our newsletter each time it is published. I guess there still is a place in this world for plain old educational information! Keep those comments coming; send them to my e-mail address: rick@dsumf.org.

If you want your church members to learn about estate planning or charitable giving or investing church funds or endowment funding, then call me at 1-602-266-6956, Ext. 203 to book a seminar now. DSUMF is booking seminar dates for the Fall of 2007. The Spring of 2007 is completely booked full! Don't delay. Choose your Fall 2007 seminar date and topic now!

dsumf.org



Recently, I received a call from an East District Pastor who was approached by members of his church with a question about establishing an endowment fund. The good news is that the Pastor knew of the work of the DSUMF. The better news is that the Pastor called me to make contact with the members. The best news is that I will meet with those members shortly, in the comfort of their own home, to discuss their passion for ministry. What could be any better than that! I have a great "job!"

During my meeting with these members, I'll ask a series of questions. They follow:

What is the purpose of the fund?

Do you wish to remain anonymous, or will the fund be named after you, a family member, a friend, or is the fund to be named after its intended purpose?

Will this fund be created with cash or property (stocks, bonds, etc)?

If the fund is to be created with a gift of securities, will they be electronically transferred or will they be in certificate form?

Is the fund to be a donor-advised fund or an endowment fund?

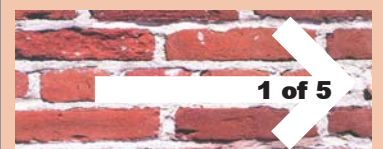
Do you want the principal donated to grow over time? If yes, then:

What percentage of the earnings is to be distributed annually?

What percentage of the earnings is to be reinvested back into principal?

On what date will the fund be annually valuated?

Who decides when distributions are to be made (an individual, a Committee or a Board)?



ENDOWMENT FUNDING

Continued

At what time of the year are distributions to be made?

If the endowment earnings are to be distributed for scholarship purposes:

- What will the application for scholarship look like?
- Who or what group will receive, review, and decide on who receives distributions?
- Who or what group determines the amount to be distributed per applicant?
- What will be the definition of a "qualified applicant" (member of UM church or not, type of school, type of degree sought, family income level, G.P.A., working or not, how often can student re-apply, etc.?)

What should happen to the fund if the intended purposes of the fund can no longer be carried out?

Thoughtful answers to these questions will enable us to write a comprehensive description of the fund, including its purpose, and administration.

Administration of an endowment fund includes investing, monitoring earnings, and distributing earnings according to the donors' wishes.

I'm looking forward to my upcoming meeting. If the members permit, I'll let you know the outcomes of the meeting in the next issue of DOLLAR SEN\$E. Stay tuned!

**ALERT!
ALERT!
ALERT!
ALERT!
ALERT!**

**DATES FOR OUR
CRUISE TO THE
MEXICAN
RIVIERA
HAVE CHANGED!**

**WE DEPART
FROM
SAN DIEGO, CA
ON 10/27/07.**

**WE WILL ARRIVE
BACK IN
SAN DIEGO, CA
ON 11/03/07.**

**BOOK BEFORE
MARCH 31, 2007
AND RECEIVE
\$25 PER PER-
SON SHIPBOARD
CREDIT.**

ESTATE PLANNING

Step 5 in my Estate Planning in 6 Easy Steps booklet deals with hiring competent attorneys. Depending on the size of your estate and your financial goals, you may need several different advisors. An attorney who specializes in estate planning, a C.P.A., a bank trust officer, a Life Insurance Agent and a Charitable Giving Consultant could all be helpful.

But when it comes to hiring an attorney, how can you tell good ones from bad ones? Often times, poorly qualified and inefficient attorneys have the most effective promotions. Sometimes it is difficult to separate product sales pitches from good advice. To help you evaluate an estate planning attorney before using their services, you should interview them. To conduct the interview, you should **secure a free consultation**. During this time, use the following check list to help you determine the attorney's qualities of honesty, reliability, and knowledge. Ask many, if not all, of the questions listed below.

Communications: Is the attorney a good listener? Has the attorney spent quality time with you? Are explanations clear and

concise? Are you comfortable enough to disclose intimate personal and financial information? Is there a problem-solving atmosphere?

Preparation: Is the attorney prepared? Has factual information been requested and presented? Does the meeting progress in an orderly manner?

Education, Training, and Experience: Where did the attorney go to law school? What other states' bar exams has the attorney passed? What are the attorney's credentials? How many years of experience does the attorney have? What certifications does the attorney maintain?

Relationship with the Attorney: Who will actually do your work, the attorney, or a paralegal? Will the attorney continue to be available for changes either required by law or by personal circumstances? If the attorney dies, or retires who will assist with future estate planning needs?

Participation: How will you participate in the planning process? Will you receive drafts of documents before you are required to make decisions?



ESTATE PLANNING CONTINUED

Compensation: How will the attorney be paid for working with you? How much will the attorney charge? When must the bill be paid? Can the bill be paid in installments?

Once you've asked all these questions, you ought to have enough information to assess the attorney's reliability, and knowledge. Unfortunately, there is no measurement for assessing one's honesty. You'll still need to follow your "gut instincts" on this issue. That is why you must secure a free consultation! You must spend some time with someone before you can form an opinion.

INVESTING

Tuesday, February 27, 2007: UGH! What a day for the stock markets! People notice when the Dow Jones Industrial Average (DJIA) loses 3.3 percent in one day, including a 500-point nosedive. But many people don't realize that the computer system that helps keep trades moving actually contributed to the panic. That's part of what happened on 2/27/07 at the New York Stock Exchange.

"CRUISIN WITH THE DSUMF!" in 2007 on the MEXICAN RIVIERA

**RESERVE
NOW &
SAVE \$!**

**RESERVE YOUR CABIN
BEFORE MARCH 30, 2007
AND RECEIVE \$25 PER PERSON
SHIPBOARD CREDIT!
BOOK NOW!**

October 27, 2007, marks the sailing date from San Diego, CA on Holland America's ms.Oosterdam to the Mexican Riviera.

After ports of call at Cabo San Lucas, Mazatlan and Puerto Vallarta, and three days at sea, we will return to San Diego, CA on November 3, 2007.

Once again, we will enjoy fellowship with Bishop Carcaño, and other like-minded United Methodists. DSUMF's Executive Director, Dr. Rick Brown will present educational seminars about estate planning and charitable giving. Since there will be more time at sea than on our cruise to Alaska in 2006, there will also be more time for fellowship, perhaps even Bible Study!

We have negotiated low group rates, and it isn't too early to make your reservations for October's 2nd Annual "Cruisin With The DSUMF" Event. For free, color brochures for yourself, friends, family, etc. call us at 602-266-6956 Ext. 203 NOW!



Holland America's ms. Oosterdam in port at Sitka, Alaska during our 2006 cruise.



INVESTING CONTINUED

It turns out that in addition to a slow-moving computer that wasn't crunching the DJIA average fast enough, there were many other computers that couldn't handle the onslaught of trades. Reports show that trades took double their normal amount of time and that many trades at the end of the day simply didn't get executed at all. Because trades were taking very long, or not getting done at all, people began to panic!

Now, if you throw in a decline of 9% in China's economy, and nervousness about tens of thousands of risky home mortgages issued during the housing boom, then you have a 3.3% decline in the DJIA in one day!

In the wake of the decline in the markets this past Tuesday, our portfolio pulled back some too. How much? It is too soon to know exactly, but as close as we can calculate, our portfolio declined in value by about 2.25%. If this decline holds true in the final accounting, then it would be only 70% of the decline the DJIA experienced.

It is during times like these that our portfolio shines.

Ours is a "defensive" portfolio designed to preserve principal, especially during market declines. When the tech bubble burst in May of 2000 and the market declined for 30 months in a row, the DJIA lost a bit over 31% of its value. During the same time, our portfolio also lost value, but less than 15%.

When we talk about panic driven trading, a 9% loss in China's economy and the effects of risky home mortgages during a housing boom, we are also talking about short-term trends. The DSUMF doesn't follow short-term trends. We do not operate on a "short-term reactionary" basis. Our portfolio, from its construction to its evaluation to its performance is always based on the long-term (5, or 7, or 10 years).

Our portfolio is not immune to short-term declines, but our performance history of an annualized rate of return since 1985 of 10.52% is a testament to "being in it for the long haul!" During the same period, the S&P 500 returned 7.6% on an annual basis, and the DJIA returned 5.6% on an annual basis. When you take into consideration the fact that our portfolio achieves this performance level while taking only half of the risk associated with these indices, we stand firmly

and proudly about our service.

If your church has long-term funds to invest, you should be talking to us! We know how to do it better than most!



CHARITABLE GIVING

In case you didn't know, I like numbers. Sometimes I get so deep in them that I can't see the forest for the trees, and after 20+ years of marriage, I can see my wife's eyes glazing over when my conversations become tooladen with numbers. But I'll try to keep this brief and to the point.

Have you ever wondered how your members' giving levels measure up to nationwide charitable giving statistics? In 2005, the total funds donated to all charities by all giving entities including corporations, foundations individuals and bequests amounted to over \$260.28 Billion! Individuals and bequests accounted for 87% of all those gifts and 43% of those gifts went to religious organizations. This means that almost \$100 Billion was donated to religious organizations in 2005.

After doing some more calculations involving average annual household incomes, and average, after tax, household contributions, we assume that the average annual

contribution per household to our churches is in the neighborhood of \$440 per year or \$8.50 per week. Does this sound about right to you?

Well, so much for calculations! The actual average contribution per household or "giving unit" to our churches in 2005 was 4½ times higher than the national average, or \$2,015! WOW! Now the \$2,015 number is an actual number, not a "calculated" number. It is taken directly from the statistical tables prepared by the Treasurer's Office from the reports sent in by our churches.

How does your members' giving levels measure up to the \$2,015 per year figure? Occasionally, I'm asked to do a Giving History Analysis on a church's giving database. (The DSUMF provides this service for a fee). Often times church leaders assume their members' giving levels are too low. When more times than not, after doing the analysis, it isn't low giving levels that are the problem. The problems lie in expenses that are too high, too many personnel, etc.



The point I'm trying to make here is that, on average, our membership is committed and generous. Sometimes we don't need our members to give more; what we really need is more members to give. If your church is struggling financially, perhaps the answer isn't getting members to give more. Perhaps the answer is getting more members. After all, our responsibility as Christians is to make New Disciples of Jesus Christ. Helping to make a new disciple is the most charitable act of all. What have you done lately to meet that responsibility?

Dear Friends,

There is an ad on page 3 of this newsletter about our October 27, 2007 cruise to the Mexican Riviera. I hope you know that the "Cruisin with the DSUMF" annual event is a special event fundraiser for us.

We negotiate low group rates, then mark the price up a bit, and offer the cruise at a competitive rate. Last year, on our cruise to Alaska, our "shipmates" qualified for an income tax deduction of \$157.50 per person if they itemized on their tax return.

If you've never gone on a cruise or if you go on several cruises a year, this cruise will satisfy your expectations. Our ship, the ms. Oosterdam, is one of the newest in Holland America's fleet. Holland America's ships typically have more room per passenger than most other cruise lines; their service is excellent and we're looking forward to another excellent experience.

If you make your reservations by the end of this month, you will receive \$25 per person ship board credit. Please consider sailing with us. Make your reservation before March 30, 2007, receive ship board credit and know that a portion of your travel dollars will be a tax-deductible contribution that will support our operations!

Time to Get a New Cell Phone?

Recycle Your Old Cell Phone During Annual Conference 2007.

Better Yet, Bring a Bunch of Old Cell Phones from Members of Your Church to the DSUMF Exhibit Booth at Annual Conference 2007!

Does your Church, Church Foundation or Endowment Fund Program need a little financial shot in the arm?

Could your program benefit from an extra \$50,000, \$500,000 or more?

Could your Endowment Fund benefit from a new source of income?

If you answered "YES" to any of these questions, then DSUMF HAS A **G.R.E.A.T. PROGRAM FOR YOU!**

CALL US AT: 602.266.6956 ext. 203

