

## **What is the mission of the Foundation?**

Manage, sustain, and increase the FUMCR Permanent Endowment Fund dedicated to the maintenance and care of the physical facilities of FUMCR.

## **Why is the money dedicated to facilities rather than to missions?**

This is a paradox since the highest goal for all of us will continue to be to *welcome people for Christ, to grow people in Christ and to serve people with Christ*. That goal can only be met with a focus on missions, but right now the single largest line item in our budget, other than people, is the maintenance of the facilities. The goal is to build the Endowment Fund to a level such that the annual earnings from the Fund will effectively remove that line item from the budget, so that every dollar we pledge, we put in the plate, that we give in any manner will be dedicated to missions and not to electricity or boiler repair or new carpet.

## **How big does the Fund need to be to cover all facilities costs?**

Our current budget for facilities maintenance is about \$1 million. In today's economic environment, with typically conservative not-for-profit portfolio management, about 3-3.5% cash flow earnings can be expected from interest and dividends, not including market appreciation or depreciation. If that holds true, we would need a Permanent Endowment Fund of about \$30 million.

## **Who will manage the Fund investments?**

After reviewing proposals from a number of investment advisors, Texas Methodist Foundation was selected to manage the portfolio based on their experience, having one of the highest historical income averages and one of the lowest expense ratios, and their investing in churches as part of the overall portfolio recommendation, including FUMCR's own debt. We are actually investing in our own property.

## **How much do we have in the Fund?**

The Spring 2022 balance in the FUMCR Foundation Permanent Endowment Fund is approximately \$2.3 million. In addition to the actual invested balance, we also have received Estate Intention Letters from about 15 families with expected future estate contributions of about \$14 million.

## **How can I participate? Do I need to complete a new will or talk to my attorney?**

It is always a good idea to sit down with your legal advisor to make sure your specific facts and circumstances are adequately reviewed, but that is not required. As part of our review process, we spoke with a number of other churches as well as the University of Texas and Pepperdine University about the processes they use. They only request a single sheet of paper expressing the intent of including the organization in the overall estate plan. We have developed the FUMCR

Foundation, Inc. Estate Intention Letter to accomplish this goal. Simply complete the Form and send it to Dianne Weideman in the church office. That's it. It is a good idea to let your family know of this choice, and if you include a copy with your Last Will and Testament, then it will be easier for your executor/executrix to fulfill your wishes when the time comes.

### **What happens if the United Methodist Church splits?**

The FUMCR Foundation, Inc. charter provides that any funds maintained will remain with First United Methodist Church Richardson. The contributions to the Foundation Permanent Endowment Fund will always be dedicated to the benefit of FUMCR.

The Estate Intention Letter, which signifies your long-term plans for supporting the church, is totally revocable. If, for any reason, you change your mind or wish for your estate gift to benefit a different organization, you can send a letter, email, or other communication to FUMCR to let the church know of your change of plans.

### **What if I change my mind about including the Foundation in my estate and I tell my family that I changed my mind, but the letter of intent is still at the church?**

From a practical standpoint, the Estate Intention Letter is simply what its title suggests - a document indicating your intention. Upon your demise, the church will notify your family or your estate representative of your intention. If the intention of your gift is disputed or if your intention is denied by your children or your representative, the church will not pursue any legal remedy. The Church and the Foundation only wish to follow your direction and your interests. If you want the process to be more formal so that no one can change your wishes and that is a concern for you, then the best advice is to make this gift a more formal part of your Last Will and Testament. You can always sit down with your attorney and remove any of those concerns. But in most cases, simply completing the Estate Intention Letter and sitting down with your family so that everyone is on the same page in supporting your wishes; nothing else is required.

### **Are estate contributions to the Fund tax deductible?**

Yes. The Foundation is a Form 501(c)(3) charitable organization, and contributions are fully deductible. In addition, you may be able to get even better tax treatment by contributing assets that have appreciated over time such as stocks and bonds or real estate that can provide a deduction at the full market value without having to pay tax on the gains.

### **Can I make a contribution directly to the Permanent Endowment Fund or can I only do this as part of an estate or will?**

Yes. The Foundation would greatly appreciate direct gifts, which are also fully deductible for federal income tax purposes and have the benefit of building the fund immediately rather than at some later date. We anticipate that most of the long-term contributions will be linked to the estate plans of FUMCR members, but current contributions are welcome. The side note is that we

don't want this concept to be a distraction from the church's annual financial campaigns. The hope is that this giving is separate from annual campaigns and will not compete with that process.

### **Who decides how the money is spent?**

This is very important: the FUMCR Foundation has as its mission to manage, sustain and increase the Permanent Endowment Fund. The charter of the Foundation requires that all contributions to the FUND can NEVER be spent, for any reason. Those contributions become the corpus or the permanent part of the Fund. Only earnings and appreciation related to the corpus can be considered for distribution from the Fund. The request of available funds and the expenditure of those distributed funds is the responsibility of the Board of Trustees of FUMCR. The Foundation cannot restrict available funds nor dictate individual expenditures. The bottom line is that the Foundation is tasked with growing this Fund and has no vote in whether we need new carpet or new paint.

### **How much is available to be spent right now? Is the amount that is available automatically distributed to the Trustees?**

The process now will be notably different than the process that we hope will be in place 20 or 30 or even 50 years from now. The long-term goal is for the permanent endowment fund to distribute annual available funds to the Church for the Trustees to utilize to maintain the facilities. Any excess would be considered reserve funds for the church, and any shortfall will become part of the annual budget for church operations. The fund will therefore grow, only to the extent of new contributions. For now, the goal is to try to limit distributions simply to allow the Fund to grow more quickly. If the Trustees have a particular need that cannot be satisfied with the annual budget allocation (an emergency), then requests may be made and distributions may be facilitated. But those decisions will rest with the Trustees in consultation with Church staff and not with the Foundation itself.

### **If I already have the church in my will, do I need to do anything more?**

First, thank you, and second, no, you don't have to do anything else. The key is that your intention for your own estate is successfully administered by your heirs. The church would love to know of your intent, though. We would request that you complete the Estate Intention Letter so that the church can be aware of your estate plans and can provide assistance to your heirs when the time comes. In addition, the church would love to include you as a Legacy Leader as an example for other church members who may also be considering a long-term gift. There is no requirement that you be known; your intention can certainly be anonymous if you prefer.