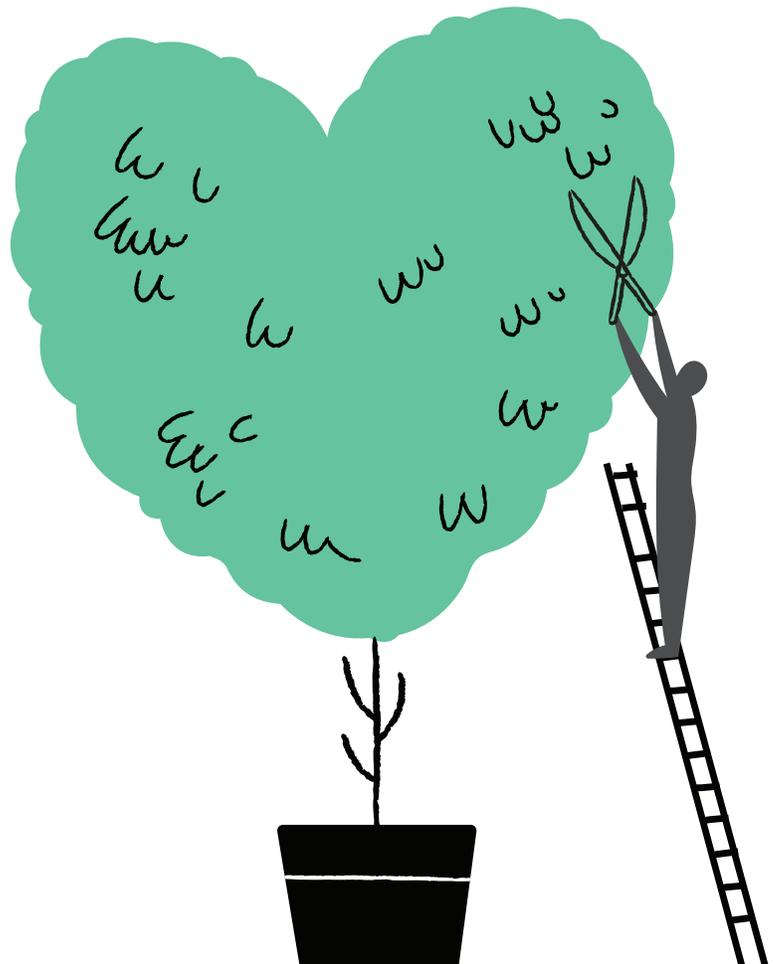


# Growing future support

Endowment funds for churches  
and nonprofits



## Endowment funds for organizations

Many churches and nonprofits recognize the need for perpetual income to support their mission in the future. Thrivent Charitable Impact & Investing® (Thrivent Charitable) offers these organizations a flexible option to build an endowment fund for whatever charitable purposes they choose.

Why consider Thrivent Charitable for your organization's endowment fund? Beyond proven stewardship, Thrivent Charitable offers a full range of charitable giving options and professional giving expertise to help supporters give in ways that match their personal circumstances. In addition, your endowment fund assets are invested in a large, fully diversified pool of low-cost institutional investments, with advisement by one of the nation's leading investment advisors. Thrivent Charitable also offers a suite of resources to help grow your endowment fund among supporters.

### **The following pages provide more information about endowment funds for organizations through Thrivent Charitable:**

Committing to your future mission .....	p. 3
Benefits to your organization .....	p. 4
Authorizing your endowment fund .....	p. 6
Endowment responsibilities .....	p. 7
Sample fund agreement .....	p. 8
More about the endowment fund agreement.....	p. 9
How to establish your endowment fund .....	p. 10

Your church or nonprofit can create a flexible endowment fund to grow an ongoing, permanent source of support for the future. Thrivent Charitable staff is available to answer your questions about the process for establishing your endowment fund. To learn more, contact us at [thriventcharitable@thrivent.com](mailto:thriventcharitable@thrivent.com) or call 800-365-4172.



**We have earned consistently high ratings from Charity Navigator for sound fiscal management and GuideStar for transparency and commitment to excellence.**

## Committing to your future mission

The finances of churches and nonprofits are organized into three categories: the annual budget for salaries and to keep the lights on, capital campaigns for special larger projects, and the endowment fund for long-term support of mission.

An endowment fund at Thrivent Charitable provides your organization with a source of income to support mission-related projects beyond day-to-day operations. The key is that each year only a portion of the endowment fund is used and the remainder is left to grow. And over time, as more gifts are made to the endowment fund, it continues to grow.

### Your endowment fund

Once your endowment fund is established, it's available for your supporters to make outright gifts or gifts upon death. These gifts can be direct gifts of cash, securities or real estate, or deferred gifts of charitable life insurance, the remainder of a charitable trust or gift annuity, or a bequest.

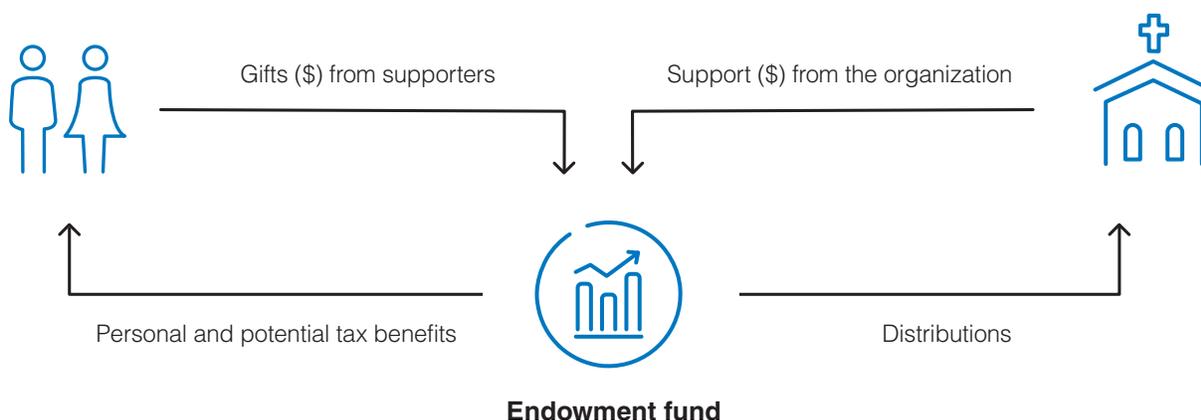
Thrivent Charitable owns, invests and holds endowment fund assets for the benefit of your organization, and the endowment fund, in turn, provides ongoing support for the charitable purposes of your organization. Additional contributions of \$1,000 can be made at any time by the organization or individual supporters.

### Requesting distributions

To receive distributions from your endowment fund, a committee designated by your organization, typically the endowment committee, notifies us through its chairperson. Distributions of \$100 or more can be requested at any time, either in writing or online through our website, [thriventcharitable.com](http://thriventcharitable.com). The committee may choose to distribute Thrivent Charitable's recommended distribution rate, or a greater or smaller distribution, provided the fund maintains a minimum balance of \$25,000.

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## How endowment funds work



# Benefits to your organization

An endowment fund at Thrivent Charitable offers a number of benefits to your church or nonprofit.

## Streamlined administration

Through Thrivent Charitable, you gain professional endowment fund expertise at a low cost. You also have access to investment portfolios typically not available to smaller endowment funds, and your endowment committee is relieved of investment and record-keeping burdens. This frees you to concentrate on promoting and building your endowment fund.

Each endowment fund is assessed an annual 1% fee to cover the cost of program and administrative expenses. Assets in excess of \$1,000,000 are assessed reduced fees.\* All investment fees and other direct costs attributable to the fund, such as brokerage costs, are passed directly to that fund. There are no fees or costs billed to the organization.

As endowment fund assets are not technically owned by your organization, they are not subject to claims against your organization.

Thrivent Charitable is independently audited every year and contributions are monitored, reported and managed to ensure long-term support for your mission.

## Full range of giving options

Endowment funds grow more quickly with additional contributions than with investment returns alone. You have access to a full range of giving options, including charitable remainder trusts and charitable gift annuities. Your endowment fund can also accept assets that require special expertise, such as real estate. Committee members do not need a comprehensive understanding of each type of gift because they can contact us for assistance. This free service is also available to supporters who wish to make planned gifts to the endowment fund.

## Distribution flexibility

Your endowment committee determines how your endowment fund is used, when distributions are made, and the criteria for distributions. Please note distributions can only be made to IRS-qualified charitable organizations. (Most churches fall under the church body's charitable status.) Distributions cannot be made to individuals or used for membership, benefit, auction items or instances where the donor receives a personal benefit or fulfills a fundraising commitment or pledge.

Your endowment committee has the option to skip distributions in any given year. Scholarship distributions are permitted from endowment funds only when the grantee or recipient of the distribution is an accredited educational institution. This is due to an IRS requirement that scholarships must be awarded on an objective and nondiscriminatory basis.

## Promotional resources

We provide a variety of resources to help promote your endowment fund. Contact us for more information, including:

- Marketing kit with bulletin inserts, newsletter articles, social media posts and other fundraising materials.
- Giving solutions for potential supporters and their advisors.
- Assistance in the design of a custom brochure promoting your endowment fund.

\*Fees are subject to change.

## Endowment fund updates

Your endowment fund advisor receives quarterly updates on the status of your endowment fund. In addition, daily access to the endowment fund's status is available through your fund dashboard at [thriventcharitable.com](https://thriventcharitable.com). We encourage you to call whenever you have a question about any aspect of your endowment fund or Thrivent Charitable policies in general.

## Anonymity for supporters

Your organization's supporters can work directly with us to make contributions to the endowment fund. We will protect a supporter's identity while providing the necessary written substantiation for tax purposes.

## Custom investment allocation

Your endowment fund can be invested in one or more of Thrivent Charitable's investment portfolios. You're encouraged to customize your investment allocation based on your endowment fund's needs and interests. Factors to consider when making your investment allocation decision:

- Short-term versus long-term distribution plans.
- Ability to tolerate short-term fluctuations in investment values (and related investment risks) for potentially greater fund growth and long-term support.
- Commitment to investing for missional investment growth.

You can change your endowment fund's investment allocation quarterly, with investment adjustments occurring at quarter end. For more information regarding these investment options, contact us.

## Investment monitoring

Thrivent Charitable investments are measured by strategic benchmarks and monitored quarterly. The overall investment portfolio is measured against a composite benchmark that reflects the target asset allocation of the portfolio.

Thrivent Charitable's investment policies, objectives and guidelines are reviewed at least annually, and investment performance is continually monitored with the assistance of investment consultants. Please contact us for more complete information about investment policies and historical performance returns.



# Authorizing your endowment fund

An endowment fund at Thrivent Charitable is typically established by action of the voting members of the church's or nonprofit's board of directors. The specific form of action should be consistent with the requirements of the governing documents of the organization, such as bylaws.

## Elements of a bylaw

Bylaws typically describe the endowment fund, its purposes and governing structure. Bylaws might include the following elements:

- Establishing your endowment fund at Thrivent Charitable.
- Transferring ownership of organizational assets to the endowment fund.
- Establishing an advisory committee to communicate with us.
- Establishing a policy for use of distributions from the endowment fund.
- Authorizing certain officers to execute the endowment fund documentation.
- Authorizing the endowment committee to approve future transfers of gifts to the endowment fund.
- Adopting bylaws for the governance of the endowment committee with regard to committee size, qualifications for serving on a committee, voting procedure, frequency of meetings, election of a chairperson and any other desired officers, term of service for members, promotion of the endowment fund, process for reporting to the church or board of directors, etc.

## Bylaw language for distributions

Endowment fund bylaws typically dictate how much is distributed from the endowment fund each year, with distribution amounts often calculated using one of two methods:

**Income only.** This method refers to distributions made only from the endowment fund's investment income and frequently prohibits the distribution of principal. There may also be instances when supporters of the endowment fund restrict expenditure of their gifts' principal.

**Designated percentage.** This more current method specifies a designated percentage of the endowment fund's assets for distribution each year, disregarding traditional notions of income and principal as they relate to assets held in the endowment fund. The distribution percentage is typically 4% to 6%, with actual distribution amounts varying year-to-year based on the fluctuating value of the endowment fund.

## Aligning your investment mix

When developing an investment allocation for an endowment fund, investments should be aligned to support the distribution policy. While an income-only endowment strategy may sound simple, the following factors should be considered:

- Investment strategies now focus on total return versus strictly income production.
- Growth-oriented investments (equities) typically produce little or no income.
- Investing strictly to produce income limits diversification and potential investment growth of endowment assets.

By purposefully setting a distribution rate that's lower than the endowment fund's anticipated growth, the fund grows in prosperous times, building for future years. In down years, this method allows for continuing distributions when they're needed most.

Thrivent Charitable can distribute either specific dollar amounts or a percentage of your endowment fund's value. Given the structure of its investments, Thrivent Charitable is unable to calculate and provide "income-only" amounts as may be dictated by some endowment fund bylaws.

# Endowment responsibilities

Churches and nonprofits manage their endowment funds in a variety of ways. While each endowment fund is unique, the following guidelines outline the roles and responsibilities of the endowment committee versus those of Thrivent Charitable.

## **Endowment committee responsibilities**

- Define the committee's relationship to the governing structure of the church/organization.
- Define the purpose(s) of the endowment fund; communicate those purposes to the organization's donors and members.
- Accumulate small cash contributions and send them collectively to Thrivent Charitable when contributions total \$1,000 or more.
- Consider and make decisions about special-purpose gifts.
- Plan for making distributions from the endowment fund.
- Plan and carry out fundraising activities for memorial gifts, bequests and major lifetime charitable gifts.
- Create awareness of the endowment fund and encourage contributions from supporters.
- Recommend one or more investment portfolios, based on distribution goals.

## **Thrivent Charitable responsibilities**

- Accept contributions to the endowment fund.
- Prepare transfer papers for gifts of securities and provide instructions to supporters.
- Provide consultations to supporters and their advisors about charitable gift annuities, charitable remainder trusts and other more complex charitable gifts.
- Evaluate contributions of real estate above a certain value threshold, consult with local advisors, assist with transfer documentation, list property for sale, evaluate buyers, and close sale.
- Invest endowment fund assets according to Thrivent Charitable's investment policy, and committee's portfolio recommendation.
- Provide quarterly endowment fund reports to the fund advisor.
- Offer resources to promote the endowment. Examples include an Endowment Marketing Toolkit and a customizable brochure. We are also available for consultations with committee members.



Agreement establishing First Church

This Agreement is made by and between First Church (the Organization), a nonprofit corporation located in Star City, Minnesota, and Thrivent Charitable Impact & Investing, a Minnesota nonprofit corporation. This endowment fund will be known as First Church (the Fund).

Thrivent Charitable will administer the Fund based upon the following terms:

- 1. Fund creation and purpose. The Organization's purpose in establishing the Fund is to encourage its members and supporters to make legacy gifts to the Fund and to create a stable and growing source of revenue to support the Organization's mission.
2. Fund advisement. The Organization appoints its \_\_\_\_\_ to act as Advisor to the Fund. The Organization may at any time in writing remove an advisor and name a successor advisor.
3. Endowment distributions. On behalf of the Organization, the Advisor may recommend grant distributions from the Fund to the Organization itself, or to other qualified charitable organizations it wishes to support. Thrivent Charitable may make distributions from a portion of the Fund's net income and/or principal as determined by Thrivent Charitable's Distribution Policy, as amended from time to time. These recommendations are to be made in writing or securely online to Thrivent Charitable. If at any time the First Church or its successor ceases to qualify as an IRS qualified charitable organization, the Fund shall then benefit Thrivent Charitable Impact & Investing's \_\_\_\_\_.
4. Governance. Thrivent Charitable holds and administers assets of the Fund in accordance with the provisions of this agreement. The Fund is subject to the governing instruments of Thrivent Charitable, its bylaws and its policies, as amended from time to time. Any and all provisions and amendments to these documents are incorporated by reference. Recommendations made by the Advisor to Thrivent Charitable are not binding on Thrivent Charitable. Through its variance power, Thrivent Charitable may modify any restriction or condition of this Agreement if, in the sole judgment of the board of directors, such restriction or condition becomes unnecessary, unable to fulfill or inconsistent with Thrivent Charitable's charitable purposes.
5. Administrative fee. Thrivent Charitable charges an administrative fee to the Fund in accordance with the policies adopted by Thrivent Charitable Impact & Investing Board of Directors, as amended from time to time.
6. Investment. Assets of the Fund may be commingled with the assets of other funds that Thrivent Charitable holds and administers. The separate identity of the Fund will be maintained at all times.
7. Irrevocability and modification. Contributions to the Fund conveyed by or on behalf of the Organization and its supporters are irrevocable. Fund amendments may be made in the future by mutual written consent.

By signing below, I have reviewed and accept Thrivent Charitable's statement of policies as stated in About Your Endowment Fund, and understand my fund will be administered according to these policies.

This agreement consists of two (2) typewritten pages, dated: \_\_\_\_\_

First Church
By: \_\_\_\_\_
Its: \_\_\_\_\_

Thrivent Charitable Impact & Investing
By: \_\_\_\_\_
Its: \_\_\_\_\_

## More about the endowment fund agreement

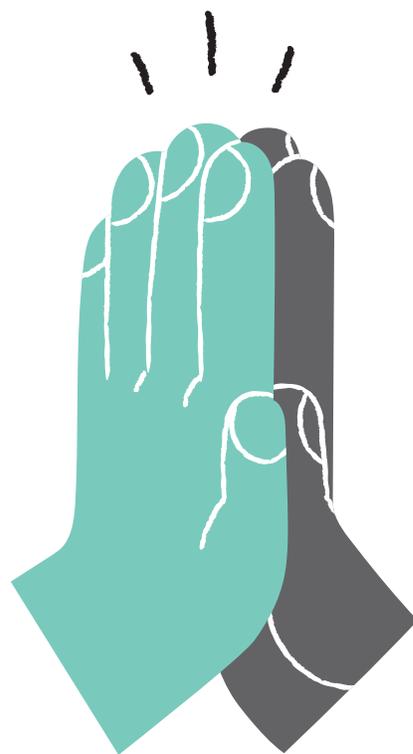
Thrivent Charitable is legally organized as a public charity and grantmaking organization versus a bank, trust or investment company. Unlike a bank, trust or investment company, our business is not to invest and manage money on behalf of others. However, under federal tax law, Thrivent Charitable has the ability to accept charitable contributions as a public charity, to invest and administer these assets, and to make charitable distributions.

In the case of your endowment fund, Thrivent Charitable accepts contributions from your organization and its supporters and holds them for the benefit of your organization. Many organizations view these requirements as a benefit, as the assets are legally owned by Thrivent Charitable and are protected from legal claims asserted against the organization.

The Board of Thrivent Charitable Impact & Investing holds the authority to re-direct endowment fund distributions should it determine the endowment fund has become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by Thrivent Charitable. An example of this would be if a church or nonprofit ceased to exist. While it's unlikely Thrivent Charitable would exercise its variance power with an organizational endowment fund, Thrivent Charitable must retain its right to be consistent with IRS regulations.

As you read related language in the endowment fund agreement, be assured we are guided by our mission to serve donors—both individuals and organizations—and that we are committed to the growth and stability of churches and nonprofits.

Because of state and federal tax laws, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA), it is important that potential donors be advised, prior to making a gift, that distributions from the endowment fund may include principal as well as earnings from time to time.



## How to establish your endowment fund

1. Complete the Fund Workbook for Organizations and send or fax to Thrivent Charitable.
2. Thrivent Charitable drafts a fund agreement for your review.
3. The designated fund advisor signs the fund agreement on behalf of the organization and returns it to Thrivent Charitable. We will sign the agreement and return a copy to the organization for your files.
4. The initial contribution (of \$25,000 or more) to your endowment fund can be sent with the signed fund agreement or sent later.

## Your next step

At Thrivent Charitable, you're at the center of the process as we work together to achieve effective, positive and lasting change throughout our community. We look forward to working with you to create a solution that meets the specific needs and interests of your church or nonprofit. To discuss your charitable interests or learn more, contact:

**phone:** 800-365-4172

**fax:** 612-844-4109

**email:** [thriventcharitable@thrivent.com](mailto:thriventcharitable@thrivent.com)

**online:** [thriventcharitable.com](http://thriventcharitable.com)



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# About us

We believe humanity thrives when people make the most of all they've been given. Thrivent Charitable Impact & Investing helps people do just that—bring their generosity to life so they can support the organizations and causes closest to their hearts, now and into the future. Grounded in our purpose to serve, we take a holistic, personalized approach to help our donors create strategic charitable plans and give in a way that best reflects their values and financial priorities. Together, we are committed to creating positive impact and inspiring lasting change in our communities.



Thrivent Charitable Impact & Investing® is a public charity that serves individuals, organizations and the community through charitable planning, donor-advised funds and endowments. Thrivent Charitable Impact & Investing works collaboratively with Thrivent and its financial advisors. It is a separate legal entity from Thrivent, the marketing name for Thrivent Financial for Lutherans.

Insurance products, securities and investment advisory services are provided by appropriately appointed and licensed financial advisors and professionals. Only individuals who are financial advisors are credentialed to provide investment advisory services. Visit [Thrivent.com](https://www.thrivent.com) or FINRA's BrokerCheck for more information about Thrivent's financial advisors.

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