HOW TO ESTABLISH YOUR ENDOWMENT FUND

LCF

LUTHERAN COMMUNITY FOUNDATION

YOUR ORGANIZATION/CONGREGATION

Name ______

Religious Affiliation (optional) ☐ ELCA ☐ LCMS ☐ WELS ☐ Other ______

Organization's Tax ID Number: ______

Name of Pastor/Executive Director

☐ Mr. ☐ Ms. ☐ Mrs. ☐ Miss ☐ Rev. ______

Organization Address

Address ______

City/State/Zip ______

Telephone (____) ______ Fax number (____) ______

Date of Incorporation: ______ State of Incorporation: ______

Your Fund's Name ______

Your Fund's Purpose ☐ Endowment ☐ Other – please describe: ______

Initial Gift Amount $ ______ Notes: ______

The minimum initial gift is $25,000. Additional gifts of $1,000 or more are welcome at any time.

INVESTMENT SELECTION

Please check one of the boxes below to recommend how assets of the fund are to be invested. If no box is checked, gifts to the fund will be invested in the Growth Portfolio, the Foundation's standard investment option.

☐ Growth Portfolio: 75% equities/25% fixed income

☐ Growth/Income Portfolio: 50% equities/50% fixed income

☐ Income Portfolio: 20% equities/80% fixed income

As per IRS regulations, please note the following:

- Investment recommendations are advisory only and the Lutheran Community Foundation may, at its sole and absolute discretion, follow or decline to follow your recommendation.
- The Lutheran Community Foundation may at any time, at its sole and absolute discretion, change the investment of all or any portion of the assets in the fund.
- Upon acceptance of your recommendation, the investments will be administered in accordance with the financial policies of the Lutheran Community Foundation.
- Investments are subject to normal market and interest rate fluctuation risks, and any gain or loss generated by the above investments will be reflected accordingly in the Fund's value.

YOUR FUND'S ADVISOR

The Fund Advisor shall be the following individual:

Please provide both name and title as it pertains to the fund: (example: John Doe, Endowment Committee Chair).

Name and title ______

Address ______

City/State/Zip ______

Daytime phone (____) ______ Evening phone (____) ______

E-mail address ______

DISCLOSURE IN FOUNDATION PUBLICATIONS

From time to time, the Foundation publishes information about funds that have been established. Foundation publications include an annual report, newsletters, brochures and other written material, plus its website. Please indicate below whether or not you permit your fund to be recognized in Foundation publications. If no box is checked, the Foundation assumes the organization wishes to remain anonymous in Foundation publications.

☐ We authorize the Foundation to publicize our fund by its fund name in Foundation publications.

CONTINGENT CHARITABLE BENEFICIARY

Please indicate how your fund is to be directed should you lose your tax-exempt status or are no longer a viable organization by selecting one of the following options. If no box is checked, the Foundation assumes your selection to be the LCF Community Fund.

☐ Be contributed to the LCF Community Fund

☐ Be contributed to the following LCF Field of Interest Fund(s):

- ☐ Disaster response
- ☐ Health services
- ☐ Education
- ☐ Scholarships
- ☐ Human services
- ☐ Evangelical Lutheran Church in America and related organizations
- ☐ Lutheran Church–Missouri Synod and related organizations
- ☐ Wisconsin Evangelical Lutheran Synod and related organizations

☐ Be contributed to ______

Additional Notes

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SEND YOUR FUND WORKBOOK

Once your Fund Workbook is completed, please send it to the Foundation at:

LUTHERAN COMMUNITY FOUNDATION
625 Fourth Avenue South, Suite 1500, Minneapolis, Minnesota 55415
phone 800/365-4172 fax 612/844-4109 www.TheLCF.org

Upon receipt of the completed booklet, the Foundation will prepare a Fund Agreement that reflects your organization's interests. To ensure your wishes are stated correctly, this Fund Agreement must be reviewed and signed before any gifts are made.

YOUR FUND AT THE FOUNDATION

Your Endowment Fund
Once your organization creates an endowment fund at the Foundation, it's available to your supporters to make outright gifts or gifts that occur upon death. Gifts of cash, securities and real estate can be made directly, or through charitable life insurance, bequests, charitable remainder trusts and gift annuities. The Foundation owns and invests assets of the fund for the benefit of your organization and, in turn, provides ongoing support to your organization for charitable purposes. Future contributions of $1,000 or more can be added to the fund at any time.

Grant Recommendations
The endowment committee determines how the fund is used, when grants are made and the criteria for distributing grants. Based upon board approval, grants can be made to your organization and/or any other IRS-qualifying charity. To receive grant distributions from your fund, the fund advisor designated by your organization notifies the Foundation. Grants can be recommended at any time, either in writing or online through the Foundation's website, TheLCF.org. Fund advisory committees may choose to receive the Foundation's standard 5.5% distribution, or a greater or smaller distribution, providing that the fund maintains a minimum balance of $25,000.

Communications
Your organization's fund advisor receives quarterly updates on the status of the endowment fund and has daily access to your fund's status through the Foundation's website at TheLCF.org. The Foundation also offers a blog to help organizations grow their endowments by sharing resources and ideas. Check out the Endowment Fund Roundtable at TheLCF.org/orgblog. The Foundation encourages you to call or write with questions about any aspect of your fund.

Fund Expenses
There are no fees charged to create a fund at the Foundation. Once assets are received into the fund, a fee equal to 1% of the fund's market value is assessed annually to cover program and administrative expenses. Fund assets in excess of $1,000,000 are assessed a reduced fee of ½%. Gifts to the fund are net of brokerage fees and other miscellaneous operating costs incurred in the gift transaction process.

Fund Investment
As endowment funds are created for a variety of grantmaking needs, organizations have three investment portfolio options:

- *Growth Portfolio.* 75% equities/25% fixed income. Objective: to provide maximum sustained support far into the future.
- *Growth/Income Portfolio.* 50% equities/50% fixed income. Objective: to provide long-term support, balanced with a need for short-term grant distributions within a five-year time horizon.
- *Income Portfolio.* 20% equities/80% fixed income. Objective: to provide maximum grant distributions within a five-year time horizon.

Should endowment needs change, fund advisors have the option of changing their investment portfolio selection.

Gifts of capital assets such as securities and real estate gifts are sold by the Foundation upon receipt and then invested in the fund.

Gifts to the Fund
It's not necessary for members of your endowment committee to have a comprehensive understanding of each type of gift — those who wish to give to the fund can simply call the Foundation for assistance. Professional gift planners at the Foundation are available to assist individual supporters to make gifts that benefit your organization and provide the giver with maximum deductibility for income, gift and estate tax purposes.

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

Anonymity
Your organization's supporters can work directly with the Foundation to make gifts to the endowment fund while remaining anonymous to your organization. The Foundation provides the donors with the necessary written substantiation for tax purposes.

Fundraising Policy
Due to IRS restrictions, the Foundation is unable to accept checks given by individual supporters in response to fundraising events (i.e., golf tournaments, banquets, etc.) and cannot provide tax receipts for these gifts. When conducting fundraising events for organizational funds at the Foundation, individual gifts/checks should be made payable to the organization. The organization then, in turn, may send a check reflecting all fundraising gifts to the Foundation.

Privacy
The Foundation respects your wishes for privacy and does not share, sell or exchange donor names, addresses, e-mail addresses or telephone numbers. Disclosures regarding your fund are made only to relevant parties specifically authorized by the organization in the Fund Workbook.

The Lutheran Community Foundation is not an investment manager and does not provide financial advisory services.

Fees and policies are subject to change.

PROFESSIONAL ADVISOR INFORMATION

This section is to be completed by the organization's professional advisor, when a professional advisor is part of the gift process. The professional advisor must review the Code of Ethics and sign the acknowledgement below. Once this workbook is received by the Foundation, a Fund Agreement will be prepared for the signature(s) authorized by the organization. The Fund Agreement will be sent to the organization's Fund Advisor with a copy to the professional advisor.

Professional advisor's name ______________________ RFO # ______________

Street address ____

City/State/Zip ____

Phone ______________________ Fax ______________

E-mail address ____

Mailing address (if different) ______________________________

Notes or special instructions ______________________________

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ADDITIONAL PROFESSIONAL ADVISOR INVOLVED WITH GIFT

Professional advisor's name ______________________ RFO # ______________

Street address ____

City/State/Zip ____

Phone ______________________ Fax ______________

E-mail address ____

Mailing address (if different) ______________________________

Notes or special instructions ______________________________

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ACKNOWLEDGEMENT OF ETHICAL PLEDGE

I have read the Lutheran Community Foundation Gift Advocate Code of Ethics and agree to abide by the principles stated therein.

______________________________ ______________

Signature of Professional Advisor **Date**

LUTHERAN COMMUNITY FOUNDATION GIFT ADVOCATE CODE OF ETHICS

The purpose of this code is to encourage responsible charitable gift planning by all who are active in advocating gifts to benefit the Foundation. Professional advisors, such as gift planners, insurance agents, financial planners, board members and Foundation staff, are collectively referred to as "Gift Advocates."

Philanthropic Motivation

First and foremost, charitable gifts should always be made with a desire on the part of the donor to support the humane work of charitable institutions.

Trust

A Gift Advocate will act with fairness, honesty, integrity and openness, and shall strive at all times to represent and promote the concept of Christian stewardship.

Professionalism

A Gift Advocate shall advise donors only in areas in which he or she is qualified. Acting in the interest of the Foundation, the donor shall be encouraged to discuss proposed gifts with legal and tax advisors of the donor's choice.

Privacy

A Gift Advocate will not share, sell or exchange donor names, addresses, e-mail addresses or telephone numbers. Disclosures regarding gifts will be made only to those parties specifically noted by the donor.

Explanation of Gifts

A Gift Advocate shall make every effort to ensure that donors receive a full explanation of how the proposed gift works on their behalf.

Financial and Tax Implications

Congress has provided tax and financial incentives for charitable giving. To that end, the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Advocate of those incentives and their implications for the donor.

Full Disclosure

The role and relationship of all parties involved in the making and distribution of gifts shall be fully disclosed to the donor.

Full Compliance

A Gift Advocate shall comply with all applicable federal and state laws and regulations at all times.

Compensation

Payment of finders' fees, commissions or other fees by the Foundation to a Gift Advocate as a condition for the delivery of a gift is never appropriate.

Affidavit

As a Lutheran Community Foundation Gift Advocate, I hereby pledge to abide by and adhere to the ethical standards, practices and principles documented here.

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