

## ORGANIZATIONAL ENDOWMENT FUNDS

### An endowment is a fund that is intended to last into perpetuity.

Gifts to the endowment are not spent and are invested so that the earnings and market growth from the gifts provide distributions for the intended Catholic parish, school, organization or cause. At NMCF, organizations can elect to include an endowment sub account which would allow for a portion of the fund to remain accessible. This is often attractive for organizations that want to retain annual earnings which will be spent in the near future, but not immediately.



### Growing the Endowment Fund with FUTURE Gifts

- The easiest way to grow the endowment fund is by working with NMCF to encourage organizational donors to leave a Catholic Legacy to the fund through their will or estate.
- Estate or planned gifts can be from various types of assets and in any amount, including cash, charitable remainder trusts, stocks, retirement assets, life insurance, or charitable gift annuities.
- Promoting estate gifts typically does not affect weekly collections for parishes, annual fund or capital campaigns or other fundraising which target's donors cash.

### Growing the Endowment Fund with CURRENT Gifts

Consider donating any excess organizational revenue at the end of the fiscal year to the endowment.

- Add an endowment portion to all capital campaigns or conduct an endowment campaign.
- Parishes can tithe to the endowment from all parish or school fundraising activities or hold specific fundraising events for the endowment.
- Encourage and accept current gifts of cash, securities, real estate, or life insurance for the endowment from donors and parishioners.

### Annual Distributions

- Distributions are based on the NMCF Distribution Policy established by the NMCF Board of Directors. Currently the NMCF Distribution Policy is 4.5% of a 12 quarter rolling average of the fund's total net balance.
- Distributions are made directly to the parish, school, or Catholic organization annually.
- Funds held in the endowment sub account may be accessed with 60 day written notice to NMCF, however shall not exceed one third the value of the entire fund.
- The parishes, schools, and organizations can rely on these annual distributions to support the parish today, tomorrow and forever.

*NMCF is an independent, 501(c)(3), nonprofit organization formed for the purpose of supporting the spiritual, educational, and social needs of the Roman Catholic community in northern Michigan.*

## Administration

NMCF is here to help you grow your endowment fund.

- You will receive annual reports on the size and activity of your endowment fund.
- NMCF keeps permanent records of all donations to the funds and tracks the principles of endowments and total in sub accounts.
- NMCF oversees the investments in a diversified portfolio following the United States Conference of Catholic Bishops Socially Responsible Investment Guidelines.

### Sample Growth for Endowed Fund

	YEAR	BEGINNING BALANCE	ANNUAL SUPPORT	ENDING VALUE
Initial Donation \$100,000.00	1	\$100,000	\$4,500	\$102,000
Annualized Returns (for illustration only) 6.5%	5	\$108,243	\$4,871	\$110,408
Income 2.5%	10	\$119,509	\$5,378	\$121,899
Capital Gain 4.0%	15	\$131,948	\$5,938	\$134,587
Distribution (of total fund balance) 4.5%	20	\$145,681	\$6,556	\$148,595

## NMCF Investment Structure

All NMCF funds are pooled and collectively invested to maximize returns. The current asset allocation of NMCF investments as of December 31, 2017 (see chart).

About 50% of equity funds are passively managed.

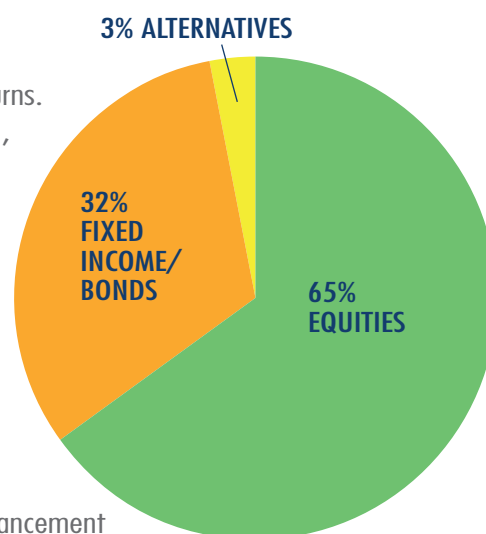
All investments have been screened for USSCB socially responsible investment guidelines (\*except the 3% alternative manager)

## NMCF Fees

NMCF fees are based on actual expenses not to exceed 1.25%.

Currently, NMCF administration fees are approximately .6%. This fee addresses administrative needs, including donor receipt letters, fund management, grant administration, development initiatives, and advancement materials. Fees related to the investment manager are approximately .33% on the total fund balance.

It is important to remember, that because all funds are pooled together, every fund saves on investment fees and maximizes exposure to market opportunities in socially responsible investments.



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