

New ways to give, new ways to receive

United Church Foundation opens investment opportunities for congregations, members

BY MIKE MILNE

For David Allan, treasurer at Edmonton's McDougall United, it means secure, productive returns for church investments. For Doug and Shirley Chandler of St. John's United in Oakville, Ont., it offers a new, more effective way to support their local congregation. And for Minnedosa (Man.) United, rebuilding after a fire, it's a welcome \$10,000 gift from a distant donor.

Eventually, the United Church of Canada Foundation will also be a large pool of capital bringing long-term funding for various church programs. Along the way, though, it is providing new and valuable services for church members and congregations, even the smallest of them.

Like all foundations, the United Church version — begun four years ago — is designed to gather large pools of funds to be invested, with the income used for specific purposes. Four mission-gearred funds, supporting leadership, theological education, peace and justice, and faith and mission, are already gathering donations and bequests. But president and CEO Janet Gadeski says the foundation can also bring financial services usually reserved for large companies or organizations to all members and congregations.

With congregational endowments and investments totalling more than \$385 million, individual pastoral



Shirley and Doug Chandler of Oakville, Ont.: foundation fund “like an RRSP” for donations.

charges often have hundreds of thousands of dollars to invest.

Working through Fiera-YMG Capital Management Inc., the foundation offers access to a fund usually reserved to minimum deposits of \$1 million. Congregations can invest as little as \$50,000 in what Gadeski calls “a balanced pooled fund that meets the socially responsible investment requirements of current United Church

policy.” With a one-year return of 7.6 percent and a five-year average of 8.3 percent, the fund is far more productive than investment certificates or savings accounts. There’s a one percent management fee, but part of that goes back to the foundation.

Allan, whose congregation invested \$200,000 with the foundation, likes the fact that “we are supporting our own church organization.” Private investment firms also tend to have higher administration fees and minimum investment levels, he says.

Rev. Karen Ptolemy-Stam of George Street United in Peterborough, Ont., whose board of trustees recently decided to place more than \$700,000 with the foundation, says the investment “seemed to be a wonderful way for fees that we are paying otherwise to be used to help others.”

George Street’s trustees and Council, she says, were reassured both by the foundation’s close connection to the church and the expertise of its fund managers. “We are cautious with our investments,” says Ptolemy-Stam, “and we should be.”

Doug Flanders of Toronto, who chairs the board of the foundation, calls it “a safe investment environment over which the congregation has complete control.” Meant as a long-term investment, money placed with the foundation is still readily available if a church needs it.

A federal tax decision last year, allowing people to donate appreciated securities to charity without having to pay capital gains tax, highlights another foundation service. For the many congregations that don't have their own brokerage accounts, the foundation can handle donated securities (stocks). "This is one of the things we are good at," says Gadeski.

Donated money or stock can flow directly to a congregation (with portions given to other charities, if the donor wishes) as a "flow-through" gift. The donation can also be used to form a long-term fund or endowment. That's how Doug and Shirley Chandler are handling donations to their Oakville, Ont., congregation, the Mission and Service Fund and at least one other charity. The Chandlers are donating appreciated stock to begin a fund that will eventually reach the foundation's minimum level of \$50,000.

Doug Chandler, an active church volunteer who sits on his Presbytery's finance committee, says large donations, while they are working, allow him and his spouse to take advantage of current tax credits while continuing distributions before and after retirement. The arrangement will also mean more money for the local congregation wherever they live during retirement. "I think of the foundation like an RRSP for my charitable donations," says Chandler. The advantages won't work for everyone, he says, but may make sense for many church members. The Chandlers have set up their fund to allow them to direct earnings and capital during their lifetime; annual grants from the foundation will replace givings through weekly envelopes.

Personal endowment funds set up through the foundation create both income and growth to allow ongoing donations. Foundation literature uses the example of a \$100,000 endowment that can generate \$900,000 in grants over a period of 80 years, while growing to more than \$750,000. It's not miraculous, but a matter of careful

investment and steady, compounded returns.

"We are going to die," says Gadeski, "and then our annual contribution will be missed, both to our congregation and to the M&S Fund. An endowment is a wonderful way to ensure that what you have been giving is maintained for generations and generations." The foundation can also make contributions from endowments to other charities, she says, but local congregations and the M&S Fund are the first and second most likely beneficiaries.

Whether donating securities or cash, some people want to direct their contribution to specific church purposes, or want anonymity. While happy to handle any "flow-through" gift intended for a congregation — such as the \$10,000 donation to help rebuild Minnedosa (Man.) United following a devastating fire last February — the foundation can name the program for which the donation is intended, and give the donor's name (in the case of the Minnedosa donation, from a member of the church family who had left town) or not (as with anonymous donors who recently worked through the foundation to fund a Toronto-based youth program).

However people want to support their church, the United Church Foundation is ready to help. Says foundation chair Flanders, "I call it good stewardship of the resources we have been given." ●