

Bethesda Lutheran Endowment Funds

Greetings from the Endowment Fund Task Force

We wish to highlight several aspects of our endowment funds including history, structure, and possibilities. We also include changes in our bylaws pertaining to our endowment funds. They were approved by the Council and will be placed on the annual meeting agenda for a congregation vote.

Members of the task force include:

- Lead Pastor (Bryan Simmons)
- The immediate past (Larry Otteman)
- Current (Steve Peters)
- President-elect (Chelsey Aisenbrey)
- Council treasurer (Tony Woodcock)
- Accounting manager (Cliff McDonald)
- Stewardship Team Chair and Story County Community Director of Donor Relations and Development (Daryle Vegge)

History

The Bethesda Lutheran Church Endowment Fund Committee was established with bylaws passed at the annual meeting in January 2000. This committee invested your donations in stocks, bonds, money markets and cash reserves. Your gifts grew from nothing to nearly \$400,000 with no disbursements. To allow members of Bethesda to use Endow Iowa tax credits, we contracted with the Story County Community Foundation in 2015. The first distributions from the endowment funds occurred in 2018.

Story County Community Foundation is an affiliate of the Community Foundation of Greater Des Moines which provides financial and administrative services. The Greater Des Moines Community Foundation currently manages 2300 charitable funds with over \$800 million in assets. The Story County Community Foundation currently manages 178 charitable funds with over \$28 million in assets.

The money in the endowment funds is divided between 75% actively managed with a long-term growth strategy and 25% growth mutual fund index. There is a 1% management fee for both funds. They have performed equally well.

Managed long-term growth 75%	5-year return	10.7%	10-year return	8.8%
Indexed Growth 25%	5-year return	10.7%	10-year return	8.5%

Basics

General Endowment Fund

In June 2015, a stock account with \$396,784.52 was transferred to Story County Community Foundation. As of June 2022, an additional total of \$178,316.99 has been donated to both funds. Counting distributions and management fees from both funds, \$172,087.15 has been used as of June 2022. No distributions were budgeted for 2023.

Endow Iowa Fund

Donors can take advantage of the Endow Iowa tax credit by working with the Story County Community Foundation which is a qualified community foundation.

Gifts that qualify include:

- Cash
- Real estate
- Stocks
- Bonds
- retirement assets

A tax credit of 25% of the gifted amount can be taken in calculating Iowa income taxes. Maximum annual tax credits are \$100,000 for individuals and \$200,000 for couples. Not all tax credits are granted by the state. The cumulative yearly total is limited to \$6 million and requires a separate application and approval.

Donors are advised to review their individual circumstances with their tax advisor.

Endow Iowa Tax Credit Illustration

Gift Amount	\$1000	\$10,000	\$100,000
Endow Iowa Tax Credit (25%)	(\$250)	(\$2500)	(\$25,000)
Net Federal Deductible Gift	\$750	\$7500	\$75,000
Federal Tax Savings (Assume 37% bracket)	(\$277.50)	(\$2775)	(\$27,750)
Net Cost of Gift	\$472.50	\$4725	\$47,250

The Most Important Reasons to Give

“As we reflect on our charitable giving to the endowment funds of Bethesda Lutheran Church, this is our legacy. It will stand the test of time for generations. These charitable dollars will leave a mark on the church and its members”. Anonymous donor.

Our bylaws give this as a reason C5.05B: The purpose of the fund shall be to receive bequests and gifts to advance the gospel of Christ and for the future growth of the mission and ministry of Bethesda Lutheran Church. The fund shall expend distributions to complement and supplement the ministry of Bethesda Lutheran Church.

Our endowment funds have supplemented our evangelical ministry in the following ways:

- Remodeling the duplex for immigrants and refugees
- Payment of long-term debt
- Improved sanctuary lighting
- Electronic locks

What more could Bethesda do with these extra funds?

The possibilities are limitless, and future generations will find the answers. Provide for your financial present at the same time you provide for the financial future of Bethesda Lutheran Church. Your gift will always be there to help those who come after. Changes in the bylaws are needed to simplify budgeting and to reflect how most endowment distributions are now handled.

Recommended Changes in Bethesda Bylaws Regarding our Endowment Funds

C5.05.01 ~~The name of the Endowment Fund will be the Bethesda Lutheran Church~~ of Ames, Iowa shall have two Endowment Funds (herein referred to as “the fund”). One called the BETHESDA LUTHERAN CHURCH GENERAL ENDOWMENT FUND and the other, the BETHESDA LUTHERAN CHURCH ENDOW IOWA FUND.

4. Receipts and Distribution of Funds: ~~the principal of the fund shall remain in place and only the distributions generated by this investment will be disbursed each year.~~ The congregation shall annually have access of up to five percent (5%) of the General Endowment Fund and up to five percent (5%) of the Endow Iowa Fund (per Iowa law) based upon their values on December 31st of the previous year. The funds shall not be used for daily operations of the congregation but may be used for special projects and to pay down long-term church debt.

5. The congregation shall have access of up to one hundred (100%) of the General Endowment Fund based on a recommendation of the congregation council and approval of 2/3 (two-third) of voting members at an annual or special congregation meeting.