



Diocese of Scranton

Endowment Fund Policy

Purpose:

Securing a parish's financial future may incorporate many avenues of fundraising including offertory income, capital campaigns, endowment building, planned giving, and other fundraisers. If a parish has no debt on the parish, is current on all assessments and has money set aside in a savings/reserve account, it may be the time to ensure the long-term fiscal viability of the parish through the establishment of an Endowment Fund. Endowments are funds that are built up over time by generous donors through restricted envelopes, major gifts and planned gifts such as bequests, charitable trusts, and through beneficiary designated gifts. Endowments are structured to last forever so your gift continues to give back year after year.

The gifts contributed to an endowment are referred to as the “principal” or “corpus.” These gifts remain intact and are invested so that the endowment will continue to grow and the parish will receive an annual distribution. Each year, an annual distribution is made available for the purpose of the original intent. A gift to an endowment fund provides an opportunity for a donor to have an impact on their parish over a longer period of time than if the same gift was spent all at once.

Procedure:

- The Pastor is to send a letter to the Office of the Bishop (Diocese of Scranton Institute) requesting permission to establish an endowment fund.
 - The letter is to include:
 - the amount and source of the initial deposit into its endowment fund, which is at least \$50,0000. If a bequest is being used to establish the endowment fund, please refer to the Bequest Policy to adhere to the appropriate steps.
 - a statement that the parish is current on all assessments and has no outstanding debt.
 - an account balance of all monies in a savings/reserve account.
 - confirmation that the Parish Pastoral Council and Parish Finance Council concurs with the establishment of the endowment fund and the intended use of the fund.
 - a draft of the agreement to establish the endowment fund, which should be prepared in collaboration with the Development Office. (Sample attached.)
 - The letter must also describe the type of income that will be deposited into the endowment fund. Permissible types of income includes: designated envelopes; designated fundraising; designated gifts, etc. All of which require permission from the Bishop prior to their initiation. Normal operating income for the parish cannot be made part of the endowment fund (i.e., funds raised via the annual parish picnic).

- When reviewing the Pastor's letter, the Bishop and his leadership team will take into consideration the reason(s) for the fund to be established.
- When a request is submitted and if there are questions regarding the proposal, the Pastor will be notified in writing so that the parish has the opportunity to provide additional information and proper consideration of the request can be given.
 - When all information is submitted and if permission is granted for the parish to create an endowment fund, the Pastor will be notified in writing by the Chancery. The Secretaries of the following Diocesan Offices will be notified of this approval: Finance Office and Development Office. Each of these Diocesan offices is available as a resource to the Pastor and parish in the planning, implementation and on-going review of their efforts.
 - If permission is granted, the parish offertory income will be monitored on a regular basis by the Finance Office. Should offertory income become adversely affected, the Bishop reserves the right to require all fundraising activities which support the endowment fund to cease immediately, until a time when the offertory income returns to an appropriate level for the parish. This notification from the Bishop will be made in writing.
 - When all information is submitted and if permission is denied, the Pastor will be notified in writing by the Chancery of the reason for the denial.

Questions regarding the Designated Endowment Fund Policy can be addressed to either the Diocesan Development Office at (570) 207-2250 or Diocesan Finance Office at (570) 207-2237.

September, 2012