



PARISH AND SCHOOL ENDOWMENTS

What is an endowment?

An endowment is a fund comprised of gifts that are made for the benefit of an institution to provide it with a **permanent annual income**.

An endowment fund is invested to generate income. The principal remains untouched forever; only a portion of the earnings that the investments generate become income for the institution.

Why an endowment for your parish or school?

An endowment provides what we call **FOREVER VALUE**. Unlike any other form of savings for a parish or school, an endowment is a permanent fund from which your parish or school only ever receive a portion of the earnings over time.

Here are a few reasons why your parish or school **NEEDS** an endowment:

- Endowment funds provide long-term financial security
- Endowment funds help avoid dependence on annual giving
- Endowment funds provide insulation from economic variance
- Endowment funds provide the basis for discussions of legacy giving

Who will manage the fund & decide how the capital is invested?

The Catholic Community Foundation manages the endowments. This is one of the Foundation's main responsibilities and how it adds value to the community, freeing parishes and schools within the Diocese of San Jose from the administrative burdens of these types of funds. The Foundation's professional investment committee reviews a well-diversified asset allocation and sets the investment strategy.

How does the endowment work step-by-step?

1. You make a gift to The Catholic Community Foundation for the exclusive benefit of your parish or school.
2. The Foundation adds your donation to the appropriate fund.
3. Your gifts are prudently invested, within acceptable levels of risk, to maximize long-term results.
4. Overtime, a portion of the earnings is distributed to your parish/school once a year. This is how the endowment provides annual income to the beneficiary.
5. The remainder of the earnings is reinvested to generate growth and as a hedge against inflation.
6. The fund continues to grow and the steady revenue stream allows the parish/school to plan for future needs.



How much does it take to start an endowment?

The minimum donation to start a parish or school endowment is \$1,000.

When will the endowment begin to grant?

When it reaches a balance of \$25,000.

Who determines the amount of the grant?

The board of the Foundation. Grants are made annually and they are calculated on a 16-month rolling average balance. The grants percentage is in a range of 3-5%.

Who determines how grants are spent?

In most cases, the grant is treated like an unrestricted donation and the beneficiary (parish/school) determines how the funds are spent every year. The Foundation does not impose any restriction beyond that in the purpose statement of the endowment.

Can the parish/school use the principal in case of extreme need?

No. Endowment funds are not rainy day funds. Even in times of emergency or loss, the principal may never be accessed. There are two important reasons for this: First, in an endowment investment model, withdrawing part of the principal will be a threat to the good health of the fund. Second, when a donor gives a gift to an endowment fund, it does so with the intent of becoming a part of the institution forever. An endowment honors the donor's intent above all and the original gifts became patrimony of the parish or school.

What will happen to the endowment if the Parish/School closes?

The mission of the Catholic Community Foundation is to develop, acquire and distribute funds that provide support to parish, educational, religious and charitable organizations comprising the Catholic community of Santa Clara County. In the unlikely future event that a parish or school closes, the Foundation has what is called "variance power" and would decide the best disposition of the funds, always keeping them within the boundaries of the Foundation's mission.

Is there a tax benefit for donations to the endowment?

Yes. Tax benefits will vary depending on the way you give, how much you give and whether your gift is executed now or as a legacy gift after your death. We encourage you to consult your tax advisor to understand the tax consequences of the charitable contribution that you are planning to make.



How can donors contribute to the endowment?

Endowments grow to considerable sizes over time thanks to the generosity of donors who want to provide for their and future generations. There are many ways to contribute to an endowment both through **current gifts** and **deferred gifts** coming from their estate.

All gifts to an endowment are made to The Catholic Community Foundation for the benefit of a specific parish, school or catholic ministry.

WHAT CAN I GIVE?	HOW CAN I MAKE AN IMPACT?	
	Current Gifts	Deferred Gifts
Cash	<ul style="list-style-type: none"> ○ Checks ○ Credit Cards ○ Direct Debit Transaction 	<ul style="list-style-type: none"> ○ Bequest of a dollar amount
Stocks	<ul style="list-style-type: none"> ○ Broker transfer 	<ul style="list-style-type: none"> ○ Bequest of stocks ○ Designate us as beneficiary of stock account
Real Estate	<ul style="list-style-type: none"> ○ Transfer title to us ○ Transfer ownership percentage 	<ul style="list-style-type: none"> ○ Bequest of a specific real estate
Insurance	<ul style="list-style-type: none"> ○ Transfer ownership to us 	<ul style="list-style-type: none"> ○ Designate us as beneficiary
401K /IRAs	<ul style="list-style-type: none"> ○ Rollover Required Minimum Distribution (RMD) to us. 	<ul style="list-style-type: none"> ○ Designate us as beneficiary ○ Bequest of retirement account
Total Estate	<ul style="list-style-type: none"> ○ Any combination of current gifts 	<ul style="list-style-type: none"> ○ Bequest of total estate ○ Bequest a percentage of total estate

Note: If you would like to make a complex gift, please contact the Foundation for assistance.