

# **CATHOLIC DEVELOPMENT + QUARTERLY +**

An informational DIGEST to guide development personnel in the emerging field of development.

Volume IX, Edition 2

## **ENDOWMENTS: BUILDING FOR THE FUTURE**

On many occasions, on these pages, we have encouraged readers to remind donors that our Church once had a "Living Endowment" of priests, sisters and brother who through their lifelong contributed services created our structure of parishes, schools, religious communities, hospitals and dioceses. This structure has been the touchstone and care system that provided for many poor, immigrant Catholics as they marched to the middle class.

Using the concept of the "Living Endowment" as a marketing strategy can be effective. More importantly, it assists in "making the case" for your endowment program. This edition of the +*QUARTERLY*+ will provide you the concept as well as a step by step process to establish or enhance your endowment.

### **INCOME AND ASSETS**

Individuals as well as Catholic institutions should plan for the future by looking at the past and the present as well as each institution's demographic constituencies. Looking at the recent financial development efforts of colleges and universities, we can see that nearly 60% of funds raised have been directed toward endowment building.

The Living Endowment that our Catholic schools, parishes and other ministries and agencies have had in the past is now forever gone. Currently, most of our institutions are living on the "operational dollar" alone.

Good individual stewardship requires us plan for the future, for retirement, family and other commitments. We live from day to day from our checking accounts but we plan for the future with our "savings accounts."

Sound "institutional stewardship" would warrant that our Catholic institutions also provide for the future through a savings account called an endowment. In planning to implement an endowment program, you may wish to consider the following:

- Only 10% of personal wealth is held in cash in people's checking accounts.

- 90% of personal wealth is held in assets (stocks, bonds, mutual funds, real estate, collectibles, partnerships, farmland/ranchland, life insurance, IRAs, pensions and other retirement plans).
- 80% of all wealth is held by people 55 years of age or older.
- As people age and move closer to retirement the concept of "planned giving" may be more appealing than increased giving of cash to annual appeals, sacrificial giving or pledges.
- As our population ages, it has a need to plan for retirement, preserve capital and limit tax liability.
- Endowments can be very attractive gift vehicles for that particular donor audience.
- Endowments telegraph to donors that your institution is capable of receiving and managing major gifts.

## ESTABLISHING ENDOWMENTS

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