

Endowments provide churches a financial safety net

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BIRMINGHAM, Ala. (RNS)—Endowments long have been a source of income for colleges and charities. Now, more churches are getting in on the act.

Churches have begun setting up foundations or have started turning to denominational officials to help them prepare for the moment when generous members name them in a will.

“It’s almost like it’s a new discovery, but it’s simply about stewardship,” said Barry Bledsoe, president of the [Baptist Foundation of Alabama](#), whose foundation administers more than \$200 million from some 2,000 church gifts and endowments.

While most church members still view tithing in the light of weekly offerings, Bledsoe said, more of them are starting to think about leaving a portion of their estate to their church.

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“We’re seeing more and more people having what I call an ‘aha!’ moment,” Bledsoe said.

Actually, church foundations have been around for a while. In some cases, income from an endowment has been used to offset a drop-off in contributions. Southside Baptist Church in Birmingham, for example, has used money donated decades ago to supply operating funds during recent membership slumps.

The church’s endowment, established in the 1960s, produces about 25 percent of the annual budget, Pastor Steve Jones said.

There are now as many as 40 endowments at the church, most of them smaller and dedicated to specific ministries such as the church’s food bank for the poor, scholarships for youth and a Boy Scouts program.

Some of the larger endowments generate income to the church’s budget, and another aids in maintaining the building.

“We are not dependent on it for the life of the church, but it is a nice extra thing for projects that we might have,” Jones said. “Our congregation is

very good about supporting the church through its tithes and offerings.”

But without the endowment, Jones says, the church budget would have to be cut.

“If there was no trust, we would not be able to do some of the things we do.”

Greg Ring, head of [PhilanthroCorp](#) in Colorado Springs, Colo., says endowments will become a major part of church finance. Ring works with churches and denominational groups like Bledsoe’s to educate them on endowments.

“There are somewhere between 350,000 and 400,000 congregations in America. I only know of a handful—literally, I’m talking about less than a dozen churches—that have a systematic, disciplined planned-giving program in place,” Ring said. “I believe we are going to see this trend grow dramatically over the next decade.”

The rise of megachurches, with their multimillion-dollar budgets and their many members with business-world expertise, has accelerated the trend, he said. These churches have shown they can handle large sums of money to expand their campuses and ministries.

“Typically, those churches have more sophisticated people who more readily understand endowments and how they might impact God’s ministry,” Bledsoe said.

This type of giving, though, is no longer restricted to the wealthy. Ring said most church endowment gifts are in the tens of thousands, not in the millions.

“Often people associate endowment gifts with millionaires and, of course, those make the headlines,” he said. “But it’s not uncommon to be talking

about a gift of \$25,000 on a relatively modest estate.”

Church finance experts, however, caution that, like winning the lottery, big endowments can lead to a sense of complacency where regular contributions by parishioners are seen as unnecessary. As a result, vitality can wither.

“Endowments can play the same role that we can observe in Europe with state funding (of religion)—that is, you have funding whether anyone cares or not,” said Sylvia Ronsvalle, executive vice president of [empty tomb inc.](#), a Christian service and research group based in Champagne, Ill., that monitors church giving.

Bledsoe says churches are poised for an endowment boom.

“I really believe that it’s going to be a revolutionary discovery or a missed opportunity,” he said. “Time is going to tell which one of those it is. I believe it’s going to be a revolutionary discovery for the church.”

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