



**THE IMPORTANCE
OF ENDOWMENT**

*When you create an
endowment, you
ensure your legacy.*

Armenians Have a Culture of Giving

When there is an immediate need, Armenians always respond. We build the churches and the parish halls that are the center of our spiritual and cultural lives. We fund the youth groups, summer camps, and trips to Armenia that connect our young people to our heritage. And we reach out to people who are suffering, whether they are in Armenia or in our own neighborhoods. Endowments give us the opportunity to be just as generous in providing for future generations.

An endowment is a promise

It can ensure, for example, that a parish will always have sufficient operating funds, that a new building can be maintained for its entire life, that a youth program will pass on Armenian traditions.

If you care passionately about your parish or a specific program, creating an endowment will support it in perpetuity. The size of the endowment will grow over time, and the income must always be used to fulfill your wishes.

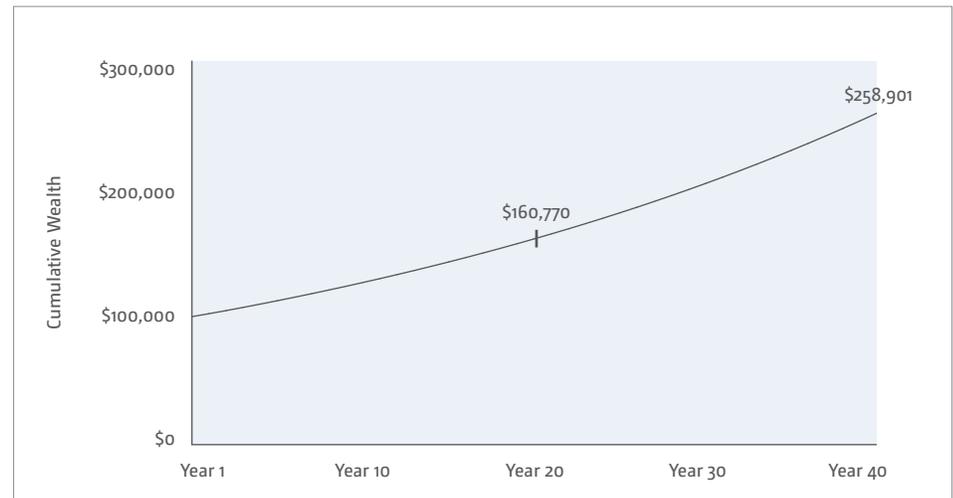
The impact of an endowment will keep increasing

The principal of an endowment is not spent, and the beneficiary receives a specified income. Currently, endowments managed by ACEF, for instance, distribute approximately 4.5% income each year. Any additional income is reinvested so that in years when financial returns are poor, a distribution can still be made. Over time, as the size of the endowment increases, so does the income.

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Let's say your total endowment is currently \$100,000. Here's how its power gets magnified over a couple of generations. Assuming an annual return of 7%, based on ACEF's policy asset allocation the total reaches \$258,901 in year 40—*with* a 4.5% distribution taking place every single year. This example shows what would happen *without* anyone in the parish creating a new endowment or adding to an existing one for 40 years.

Growth of \$100,000 endowment



Growth of \$100,000 over 40 years (net of distributions)*

*Assumes a real return of 7.0% based on ACEF's current policy asset allocation and an assumed inflation rate of 2.0%. Annual distributions, based on 4.5% of the average market value over the trailing 12 quarters, would total \$303,000 over 40 years.

More endowments. Less emergency fundraising.

Endowments lessen the stress of fundraising by providing a predictable source of income for parish needs, such as a youth program, the salary of your priest, your general operating budget, or the inevitable—and expensive—building repairs.

To ensure that future generations will not have to watch a beloved sanctuary or parish hall deteriorate, you can create an endowment dedicated to maintenance costs. The ideal time to do this is during a capital campaign. Anticipate how much it will cost each year to maintain and repair your parish facilities, and include this amount in your campaign goal.

Remember, if your parish leaders are not constantly in a fund-raising mode, they can turn their attention to increasing membership and to developing programs that enhance parish life.

Starting small, making a big difference

“In lieu of flowers” can become a lasting legacy

Several parishes have built substantial endowments through many individually named legacies created to honor loved ones “in lieu of flowers.” In one case, a parishioner asked family and friends to make a donation instead of sending flowers to her loved one’s funeral and so created a legacy in honor of that person in perpetuity.

Others followed the example, and over the years, with more such gifts and investment returns, the endowment has grown to \$1 million.

Many people mistakenly believe that endowments can be created only with a large donation. This parish will create a named endowment with just \$2,000, and it gives parishioners two full years to raise that amount.

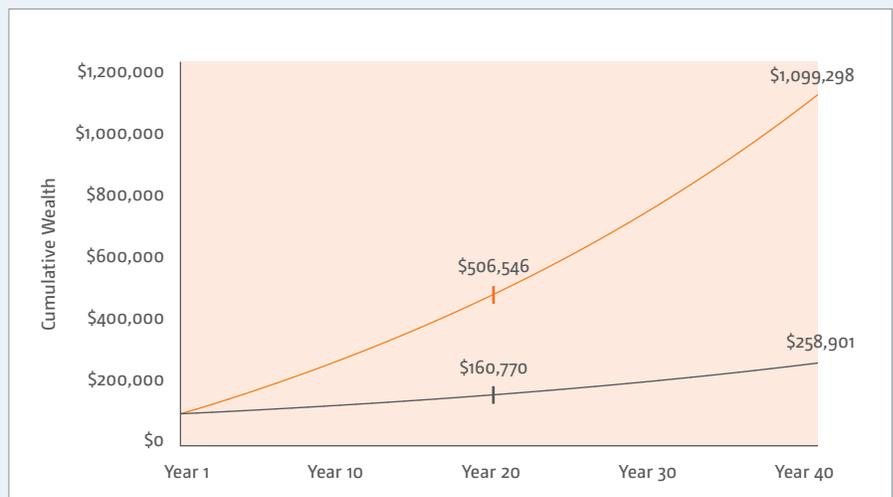
Slow and steady wins the race

What would happen if everyone in a parish added a little extra every month to their pledge, specifically to go to the parish endowment? Let’s say the parish has \$100,000 in its endowment fund already. There are 100 members and every member agrees to make a small monthly contribution, using a credit card deduction. On average the gift is \$10.

The parish adds \$12,000 to its endowment every year. Look at the impact that will have. (See chart.)

The red line shows what a difference that makes, assuming a 7% return on investment. The endowment would grow to approximately \$1.0 million in 40 years and would also generate an average of \$23,000 in annual distributions. Of course, none of us can predict what the returns are going to be. But we can predict that whatever they are, the parish that keeps on giving to its endowment fund will be in far better shape in year 40.

Growth of \$100,000 endowment with additional donations



Growth of \$100,000 over 40 years (net of distributions)*

*Assumes a real return of 7.0% based on ACEF’s current policy asset allocation, an assumed inflation rate of 2.0%, and quarterly contributions to the endowment of \$3,000. Annual distributions, based on 4.5% of the average market value over the trailing 12 quarters, would total \$924,000 over 40 years.

ACEF can help you plan for the future

We would welcome the opportunity to advise you on how to set up an endowment properly, even if you decide not to invest your funds with ACEF. We will make sure that the endowment is written to ensure that your wishes will always be honored. This includes anticipating any future changes in the status of your parish or other beneficiary.

The advantage of investing as a community

ACEF aggregates individual endowment funds and invests them in a broadly diversified portfolio. With a multimillion-dollar portfolio, ACEF can help you take advantage of investment opportunities that are simply not available to smaller investors or individual parishes. This includes funds that are closed to smaller investors, as well as vehicles appropriate only for a large, highly diversified portfolio. As an individual or a parish, you can create an endowment with ACEF for just \$5,000.

As an individual or a parish, you can create an endowment with just \$5,000.

ACEF is transparent and accountable

The ACEF volunteer board makes all investment decisions, after we have reviewed the recommendations of our independent investment advisors. These advisors are paid a yearly fee and do not profit from any trades. ACEF investments are also subject to a full independent audit every year. This ensures that each of the hundreds of individual endowments that make up the Armenian Church Endowment Fund is properly managed and documented. This audit, our IRS Form 990, and our investment strategies are always available for review, and an annual fund report is sent to the guardian of each endowment. ACEF is also willing to share its investment principles and strategies with parishes that choose to invest elsewhere.



The Armenian Church Endowment Fund (ACEF) is an independent nonprofit that supports parishes and individuals who are creating a legacy through endowments. We encourage these parishes and individuals to make long-term investment planning an everyday practice, and we help them maximize financial returns by investing as a community. Please refer to our Web site and contact our office for complete details on ACEF's policies and procedures.

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