

How to Endow Your Pledge

A Simple Guide for Episcopal congregations

What Does It Mean to “Endow Your Pledge”?

To endow your pledge means making a gift to a designated permanent endowment, from which the earnings would be distributed each year to support the church—much like your annual pledge does now.

The earnings can be unrestricted—making them available for any purpose—or restricted to a specific use that appeals to you (but try not to be too specific because that can get complicated if the church’s needs change.)

A Simple Example

Let’s say your annual pledge is: \$3,000 per year

To create an endowed gift that provides approximately \$3,000 annually, the church would invest a larger amount (the principal) and distribute a percentage (generated from earnings) each year.

How Much Would It Take?

Most churches follow a 4%–5% annual distribution rate from endowment funds.

Using that range:

- At 5% → you would need about \$60,000
- At 4% → you would need about \$75,000

In simple terms:

A gift of \$60,000–\$75,000 could generate about \$3,000 per year for your church, in perpetuity.

For reference, the Trustees of the diocese distribute 4.25% of the three-year average balance of each fund under their control, which tends to be about 4% of the current value.

Why the Range?

The exact amount depends on:

- The church’s endowment spending policy
- Investment performance over time
- A desire to preserve and grow the fund for the future

A lower percentage is more conservative and helps ensure that the purchasing power of the income is not diminished over time.

Why This Matters

Endowing your pledge:

- Provides stable, ongoing support for your church
- Helps sustain ministry beyond your lifetime
- Creates a lasting expression of your faith and commitment

It is a powerful way to ensure that what you give today continues to bear fruit in the future.

How to Do It

You can endow your pledge through:

- A bequest in your will or trust
 - Naming the church as a beneficiary of a retirement account
 - A lifetime gift of cash or appreciated assets
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Getting Started

A simple first step:

- Reflect on your current pledge and what it represents to you
 - Consider whether you would like that support to continue in perpetuity
 - Speak with your clergy or church leadership about how endowment gifts are managed
 - If your church has other endowments, it should be capable of easily adding to an existing fund or starting a new one.
 - If your church doesn't have other endowments, you could direct the funds to the Trustees of the diocese to hold in trust for the benefit of your church. The Trustees will create a separate account in the Diocesan Investment Trust (DIT), ensuring that your endowment gift is professionally managed and protected in perpetuity.
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Important Note

This information is provided for general educational purposes only and is not intended as legal, tax, or financial advice.

You are encouraged to consult with your attorney, financial advisor, or other professional when making charitable and estate planning decisions.
