

Notes from the FOCUS group Meeting on June 16, 2024

David Newton introduced Sherry Manetta who conducted the focus group meeting with about 25 attending, held in Servetus, and lasting about one hour.

The purpose of the gathering was to elicit advice on the ensuing Endowment Campaign.

During the first part of the meeting, Sherry provided background information on the USH endowment.

The Endowment Committee has five members: David Newton, Chair, Sherry Manetta, Cris Noble, Joe Rubin and Jim Venneman. The governance of the endowment and the composition of the Endowment Committee are specified in the USH Constitution and By-Laws.

Sherry reminded the group of the anonymous donor's \$1million 4-year commitment to the endowment, with the initial contribution of \$250K received in December 2023 and deposited to the endowment's Capital Improvement Fund. In May, the second-year contribution plus a portion of the third year were received, which included \$250,000 in stock that is being held to match future contributions during the Endowment Campaign.

This is a good time in the life of USH for a campaign because of our new minister (with a 5-year contract), rising attendance and new members, the congregation's energy in contributing to improvements and new initiatives, and general optimism in our ability to soar.

Sherry pointed out purposes for our endowment:

1. It provides an annual contribution to each year's operating budget (using a formula based on assets and investment returns, generally 4% to 5% of the average asset balance of the General Fund over the preceding 3 years), which has the possibility of increasing as the endowment base increases.
2. It provides resources for capital projects as well as strategic initiatives.
3. Contributions will ensure the future of USH and our Meeting House.
4. It provides a kind of insurance, available for emergencies.

A short history of the USH endowment was distributed. [This statement is now posted on the web under, Did UU Know.] The endowment permitted passage through difficult times, purchases of church buildings (including our current Meeting House) and essential maintenance on the building.

Sherry provided a financial summary of the endowment which is divided between a General Fund and a Capital improvement Fund and is invested generally in 70% equities and 30% fixed assets.

Jim Venneman pointed out there are restricted and unrestricted funds in the endowment. For example, the Capital Improvement Fund is restricted for capital projects.

She concluded her introductory remarks noting there will be various ways to contribute during the Campaign. These include:

1. Cash.
2. A commitment to pay annual cash payments over a period of 3 to 5 years.
3. Appreciated stock.

4. Legacy arrangements that designate the USH endowment as beneficiary in a will, a donor advised fund, an IRA, etc.

There could be tax as well as other considerations for a donor in choosing a particular method.

At this point, the focus group was encouraged to ask questions and offer advice on the ensuing Campaign, including what questions should be answered, points made, what would motivate people to give, etc.

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Question about withdrawals for the annual operating budget

Could the amount withdrawn annually for the operating budget exceed the average appreciation in the General Fund?

Generally, the percentage draw is targeted to be less than or equal to investment appreciation over a three-year period, less inflation. In times of high inflation or poor stock market performance, this can be difficult. USH tries to keep the draw stable, which has been approximately \$50,000 to \$60,000 in recent years.

Question about recordkeeping for legacy gifts

Do we have a record of existing legacy arrangements, i.e., where USH is already listed as a beneficiary in members wills, IRAs, etc.?

We know about some of these arrangements, and hope that more will surface during the Campaign, at which time we will initiate a better recordkeeping process.

Questions to clarify the anonymous donor contributions

What funds are being held for matching? The first \$250,000 was deposited directly to the Capital Improvement Fund in December 2023. \$250,000 in common stock that was contributed in May is available for matching.

Will the money be “lost” if not matched? No.

Observation on other benefits of a healthy endowment

Ministerial candidates have viewed the endowment as a plus when considering a call to serve USH. This gives USH an advantage when recruiting a new minister.

Question on whether donations could be earmarked for specific purposes e.g., the music program

This would likely be discouraged. It is difficult to account for restricted donations over multi-year periods. Donations to the General Fund would be encouraged, to allow flexibility for future leadership to respond to changing needs.

Observations on Campaign goals/approach

1. One suggestion was a financial goal of \$2 to \$3 million. Why not reach as high as possible? There were no comments opposing a goal in that range.
2. The last campaign was in 1997 (and was for capital improvements) and it is time for this Campaign.
3. There was general agreement that 100% participation is a goal. We should encourage everyone to participate. This would include youth—“change in the can..” There is no gift too small.

4. Should donations be solicited from individuals who are not currently USH members?
Yes.
5. This should be a multi-year campaign, perhaps 3 years.
6. Naming the Campaign: It should be tied to something inspirational, in honor of something, e.g., the National Registry designation.
7. The Campaign could be linked to specific projects, e.g., the music program or expansion of RE.

Overall, the goal of the Campaign is a healthier endowment to ensure the soaring future of USH.

Observation on matching

The current thinking of the Endowment Committee is that there would be a 100% (dollar for dollar) match for current cash and stock donations and commitments for cash to be paid over a 3 or 5 year period, and a 50% match for legacy donations. The group thought this was reasonable and there were no comments to the contrary.

Observation on Endowment Campaign vs. annual Stewardship Drive

We must emphasize that the Endowment Campaign is totally separate from annual stewardship drives that will occur each year. Contributions to the endowment are over and above each member's annual commitment to the support of USH for each upcoming year.

Question that expressed concerns about the safety and management of the endowment

1. The USH Constitution has a dissolution clause; it is clear that USH is independent and that UUA has no claim on the USH endowment.
2. There was also discussion of the governance provisions in the USH Constitution and Bylaws that specify fiduciary requirements and the roles of the Endowment Committee and the USH Board.
3. The Constitution and Bylaws require USH to maintain assets in the endowment at a minimum level of 2x the annual operating budget. Prudence, and CT regulations patterned after a model law generally known as UPMIFA, also govern.

Observation on tax considerations

We should underscore that there can be tax advantages of endowment donations.

Question about how best to communicate about the Campaign

1. Be very clear on the purpose of the Campaign.
2. The group encouraged the Endowment Committee to use all means possible in its communications, e.g., enews, pamphlets, announcements from the pulpit (not all numbers, please!), snail mail, email, etc. etc. More is better.
3. There were suggestions to coordinate with specific groups such as Worship Associates and to address communications to specific groups, e.g., 20s/30s.
4. Continue to seek advice, possibly through focus groups, under-the-stairs, cottage meetings.

Observation on recognition

Consider appropriate recognition for those who donate; this could be something similar to the sunburst of solar panel donors.

Anyone who is interested in serving on the Endowment Campaign committee should contact David Newton or Sherry Manetta.
