



ENDOWMENTS

One of the primary reasons that the CATHOLIC FOUNDATION OF WESTERN KENTUCKY (CFWKY) was established, was to become the stewards of permanent funds, including endowed and trust funds. There are strict government regulations and reporting requirements for funds that are called or classified as “endowments.” These types of permanent funds also require documented guidelines for investments, distributions, spending and gift acceptance. Because of their complexity and the liability that comes with acting as a fiduciary for these types of funds, no parish or school entity should initiate action without consultation from the CFWKY Executive Director or Diocesan Chancellor.

In addition to accepting liability as the Fiduciary, the CFWKY is audited on an annual basis and the size of the Foundation allows significant purchasing power.

It is important that any parish, school or other Diocesan sponsored ministry understand the characteristics of these funds that make them unique charitable giving instruments.

An “endowment,” by law, can NOT be used as a savings or checking account. By law, the corpus of the funds that go into the account are not accessible. Beneficiaries can ONLY receive an annual income from the account that would be in a 4-5% range of an average balance of the corpus.

These are some of the unique characteristics of an endowed account.

- Deposits can NOT be accessed or withdrawn. Distributions to a beneficiary are made quarterly or annually and are based on a percentage of the balance in the account. The range is usually in a 4-5% range, depending on investment performance, and they are usually calculated on a three-year account balance average, or are dictated by the terms of the supporting documents.
- Earnings on endowment investments are based on the performance of those investments over time.
- The Catholic Diocese of Owensboro does NOT charge a fee for these services. However, there are usual and customary discounted brokerage fees applied to the investments.
- Some charters specify that a certain balance threshold must be achieved before allowing withdrawals from the fund.
- Summary endowment statements are mailed semi-annually.