

Anchorage UU Fellowship (AUUF) Endowment Fund

Frequently Asked Questions

Updated June 25, 2023

Below are answers to common questions that AUUF members, friends and supporters have posed regarding the Fellowship's Endowment Fund. We acknowledge and thank previous Endowment Fund Committee Chair Wray Kinard, who has contributed significantly to this document.

1. *Why was the AUUF Endowment Established?*

The AUUF Endowment was established for the benefit of the Fellowship, creating a “permanent fund dividend” asset. Once the endowment builds to a sustainable level, the Fellowship may choose to take some of the fund’s money to support projects and programs that may not otherwise be funded.

2. *Is the AUUF Endowment part of the AUUF Operating Budget?*

No. The AUUF Endowment is separate from the AUUF Operating Budget. It is included in the monthly Financial Statements for AUUF, which list all of the AUUF assets. It is listed there as an account in the AUUF Restricted Funds to gather donations before being sent to the UU Common Endowment Fund Account (the official name for the Endowment fund AUUF participates in).

3. *Should I name AUUF in my will, or specifically name the Endowment Fund?*

If you want your bequest to provide a long-term benefit for future generations, then you’ll want to name the AUUF Endowment Fund directly as your beneficiary / bequest recipient.

If you name AUUF (only), the AUUF Board has flexibility to direct the majority of your bestowed funds be used to support immediate or near-term needs and projects. AUUF’s financial policies direct that at least 20% of a bequest to AUUF be invested in the Endowment Fund.

4. *What wording do I use to designate a bequest to the Endowment Fund?*

Retirement / Insurance Assets: For beneficiary designations on “line item” documents such as retirement assets (IRA, 401K and 457 accounts) or life insurance policies, be sure to indicate the endowment fund as a beneficiary. You can use this information for beneficiary designations:

- Anchorage Unitarian Universalist Fellowship Endowment Fund, Fed Tax ID No. 92-0084980

Wills and Trusts: To designate the endowment as the beneficiary in wills or trusts, you typically need to include a paragraph description. Thanks to previous Endowment Committee member Jim Wanamaker, AUUF provides sample wording that can be found in the Endowment Fund brochure posted on AUUF’s website (anchorageuuf.org/endowment-fund).

Wording states:

I give, devise and bequeath the sum of \$_____ to the Endowment Fund of the Anchorage Unitarian Universalist Fellowship, Inc., an Alaska non-profit corporation, 2824 E. 18th Avenue, Anchorage, AK 99508. Federal Tax ID No. 92-0084980.

5. Can I donate specific valuables or other objects, rather than money?

Yes.

Physical valuables. If at all possible, it is best to sell your items first and then donate the proceeds. The Fellowship is not staffed to *efficiently* handle storage, advertising, sales and associated activities that are necessary to realize the monetary value of physical assets. That said, the Fellowship WILL gratefully accept jewelry, gold, real estate, vehicles and other physical assets of value. Donors should know that volunteer efforts to obtain asset value may take some time.

Stocks present an exception. There may be tax advantages to donating stocks directly to the Fellowship, rather than cashing out first. (*Note: A donor should consult a tax advisor, then directly transfer the stocks if it makes sense.*) AUUF is set up to receive donations of stocks through our brokerage account at Schwab. The AUUF Congregational Administrator or Board Treasurer can help with transfer details.

6. Will my name/amount remain private? May I donate anonymously?

Yes.

AUUF will never use your name or donation amounts publicly without your permission. In addition, if you choose, you can direct your bequest to the national Unitarian Universalist Association (UUA, website: uua.org), and if you’ve named the AUUF Endowment Fund as a beneficiary and indicate anonymity, AUUF will only ever know that the funds came from “anonymous” and no one locally will even know who you are.

7. Are there any tax benefits to donating to the Endowment Fund?

Generally, there are favorable tax implications, but each person’s tax situation is different and complex. AUUF and Endowment Fund committee members cannot and must not provide tax advice or information. Consult your tax advisor for possible benefits.

8. Who handles the money once it's donated?

To be clear, no members of the Fellowship, the Board of Directors, or Endowment Committee members have any access to, nor ability to manipulate, your donated money. Once your funds are received by AUUF, they are deposited in AUUF's bank account until they can be transferred to the national UUA. The AUUF Congregational Administrator will send your donated funds to the Unitarian Universalist Common Endowment Fund, LLC, based in Boston, Mass., with instructions to benefit the Anchorage UU Fellowship.

Donated funds are invested for long-term growth, with guidance and oversight from the UU Headquarters Investment Committee, to make sure the funds are invested in accordance with UU principles, to the extent possible. Many professional investment managers are hired to invest the money, and the national organization conducts a yearly audit of all funds and investment activities.

9. How will AUUF spend my bequest?

The endowment fund is structured to pay for future programs and projects that the Fellowship's current annual budget may not be able to afford. For example, it doesn't pay the light bill or any other monthly expenses. Rather, a future Board of Directors will dedicate distributions to conform to AUUF policies and to support specifically identified projects or programs that adhere to the endowment's founding documents. As noted in the *Endowment Fund's Plan of Operation*, acceptable uses include:

- Scholarships or grants to further education and training
- Community outreach programs
- Special programs to assist those in spiritual / economic need
- Contributions to national programs aimed at church/staff growth and development
- Capital needs, including building-and-grounds improvements or renovations

The Endowment Plan of Operations is available from the AUUF Congregational Administrator or any member of the Endowment Committee (endow@anchorageuuf.org).

10. When can AUUF start taking money out of the fund?

The Endowment Fund must first total at least \$500,000, adjusted for inflation since 2022. Adjustments are based on the Consumer Price Index (CPI) for urban Alaska. AUUF members approved increasing the threshold from \$250K to \$500K, and inflation-proofing the threshold.

Let's illustrate with an example. Assume Alaska's annual average CPI is 8% for 2022, 5% for 2023, 3% for 2024 and 2% for 2025. We apply the CPI to calculate the inflation-adjusted threshold:

Year	Begin Year Threshold	Alaska CPI	Threshold Calculation	Inflation-adjusted Threshold
2022	\$500,000	8%	$\$500,000 \times 1.08$	\$540,000
2023	\$540,000	5%	$\$540,000 \times 1.05$	\$567,000
2024	\$567,000	3%	$\$567,000 \times 1.03$	\$584,010
2025	\$584,010	2%	$\$584,000 \times 1.02$	\$595,690

Let's fast-forward to 2026, when we assume the Fellowship considers an endowment distribution to support a new community-focused program. Can they take a distribution in 2026?

Yes. Given the following assumptions:

Let's assume several significant legacy gifts had been bestowed to the Endowment Fund in 2023 (\$200,000), in 2024 (\$10,000) and in 2025 (\$150,000). Let's say the fund also earned an average of 4% in interest income 2023-2025, after the bear market in 2022.

Year	Begin year Fund Total	Average Interest	Legacy Gifts	Fund Income and Total Calculation	Year-end Fund Total
2022	\$200,000	-1%	\$0	$\$200K - (\$200K \times .01) + \$0$	\$198,000
2023	\$198,000	4%	\$200,000	$\$198K + (\$198K \times .04) + \$200K$	\$405,920
2024	\$405,920	4%	\$10,000	$\$406K + (\$406K \times .04) + \$10K$	\$432,157
2025	\$432,157	4%	\$150,000	$\$432K + (\$432K \times .04) + \$150K$	\$599,443

At the end of 2025, the fund total (**\$599,443**) has reached distribution threshold, calculated to account for inflation (**\$595,690**). Therefore, the Fellowship could take a distribution in 2026.

11. How much can the Fellowship take in distributions from the Endowment Fund?

Year	Year-end FMV Total
2022	\$198,000
2023	\$405,920
2024	\$432,157
2025	\$599,443
Sum Prev 3 Years' Totals	\$1,437,520
Divided by # of Years	3
Average Annual FMV	\$479,173
4% of Ave Fund FMV	4%
Maximum Distribution	\$19,167

Generally, in any given year, the distribution cannot be more than 4% of the fund's average fair market value (FMV) over the previous three years (actually it is 13 quarters, but we simplify to 3 years for illustration).

Continuing the previously introduced example, let's assume that the year-end fund totals noted at right represent an average for that year. To get the average for all 3 previous years (2023, 2024 and 2025), we add up the totals and divide by 3, which yields about \$480,000 as the average annual FMV. Four percent (4%) of this value is about \$19,000. That is the maximum that the Fellowship could take from the Endowment in 2026, given this example's assumptions.