

# FINANCIAL FOUNDATIONS



This is the first issue of our monthly newsletter! While we equip a lot of churches through our websites ([www.dakotasumf.org](http://www.dakotasumf.org) & [www.dakotasumc.org](http://www.dakotasumc.org)), blog ([www.jctaccounting.com](http://www.jctaccounting.com)), and YouTube ([www.youtube.com/c/JeffPospisil](http://www.youtube.com/c/JeffPospisil)), we knew we were missing many that would prefer to connect via email or mail. Hopefully you will find this to be a blessing to your ministry and church.

## CHURCH AUDITS AND COVID

One year ago, we were just starting to learn about the coronavirus. In the Dakotas, we are awesome at adapting to difficult situations to get the job done. That's who we are. We especially had to adapt in the area of church finances as we dealt with such issues as how to take an offering when the church isn't gathering in person. While everyone has an opinion on how to best worship during a pandemic, few give any thought to how to best care for the finances. Most of this was left up to our faithful treasurers, financial secretaries, and business managers.

Here's where the church audit comes in. The church audit has two purposes: 1) Ensure financial reports are accurate; and 2) Ensure that policies are in place to safeguard church money. For policies, the audit committee should be asking:

- How are donations received, secured, counted, and deposited?
- How are payments approved and made?
- What changes have been made to these processes since the pandemic?

If the audit committee sees a concern, they should note the concern and bring it to the attention of the Finance Committee. It is ultimately the responsibility of the Finance Committee to set financial policies to determine the best way to care for the church's finances.

You can find our audit checklist and a brief video giving an overview of the audit process at: <http://jctaccounting.com/2021/01/15/finance-the-audit/>

## CONTACT INFO

### Finance Office

Jeff Pospisil  
JoAnn Schlimgen  
Dana Bassett

605-990-7786

[finance@dakotasumc.org](mailto:finance@dakotasumc.org)

### Benefits Office

Leana Stunes

605-990-7785

[benefits@dakotasumc.org](mailto:benefits@dakotasumc.org)

### Foundation Office

Sheri Meister  
Diane Weller  
Kelsey Morgan

605-990-7790

[info@dakotasumf.org](mailto:info@dakotasumf.org)

### Lilly Grant Program

Diane Owen

612-230-2169

[diane.owen@](mailto:diane.owen@dkmnareaumc.org)

[dkmnareaumc.org](http://dkmnareaumc.org)

[www.dakotasumc.org](http://www.dakotasumc.org)

[www.dakotasumf.org](http://www.dakotasumf.org)

PO Box 460

Mitchell, SD 57301

## WHAT ALL IS INCLUDED IN THE PENSION DIRECT BILL?

The Pension Direct Bill (Fund 3) pays for more than just the pastor's pension. Here is what is included:

- Pension: The pastor's pension is made up of two parts. 75% of their pension is based on years of service. The remaining 25% is based on their compensation.
- Retirement Account: A set amount (\$2,226 in 2021 for a full-time pastor) to be contributed to the pastor's personal retirement account (UMPIP). Almost all pastors also make personal contributions to their account as well.
- Death Benefit: If your pastor, their spouse, or dependent child passes, the family would receive a death benefit up to \$50,000.
- Disability Benefit: If your pastor becomes disabled and is unable to work, this benefit would replace up to 70% of their compensation from the church.

To learn more about the pension plans and death/disability benefits, go to our website to find summaries and videos on these plans and benefits. This can be found at [www.dakotasumc.org](http://www.dakotasumc.org) and going to Finance and Benefits > Benefits > Pension Plans.

---

## BUILDING FINANCIAL MARGIN IN MINISTRY

Over the years I've worked with several churches that, if they lost one or two of their donors, they would be on operational life support. Their income would be less than their expenses leaving them to wonder how they can keep their doors open. The good news is, many of these churches can turn things around when they begin building an investment or endowment fund. When a church develops a long-term investment plan, it is like adding a couple of major donors. It puts the church in a healthier place. Once their leadership starts to see the rewards of the earnings, they re-evaluate their situation and recognize the possibilities outside of their daily budget. Their church can Thrive. Here are two options to consider:

**Church Investment Accounts:** Investment accounts are under the control of the church or organization, and withdrawals from the investment account can be made at any time. These accounts are intended for long-term investing rather than short-term such as a savings account.

**Endowment Accounts:** Funds to be held permanently by the Foundation. Distributions are made annually at a rate of 4.0-4.5% of the 16-quarter rolling average balance. This distribution rate is less than the average return on investment to allow the fund's corpus to increase. You may designate your funds to a specific purpose or leave it undesignated for general ministry.

The Dakotas United Methodist Foundation is so much more than an investment manager, we assist your church in ministry with services such as: setting up an endowment or endowment committee, legacy planning, church financial consultations, stewardship training, webinars, and donor relations. And, there is no cost to you for these services.

Please join us for our next webinar, *"Your Two Largest Givers Aren't Even Members - How to get the most from your Investment and Endowment Accounts."* It will help you determine how an investment or endowment account will benefit your church. Jeff Pospisil, Dakotas Conference Treasurer, and I will provide you with tools for your Church leadership to use as they find the best account management processes and align these processes with your church's vision and goals. To attend, you can register on our website: [www.daktoasumf.org](http://www.daktoasumf.org).

Sheri Meister, President/CEO  
Dakotas/Minnesota Methodist Foundations