



LCMS Foundation
TODAY | TOMORROW | FOREVER

ministry report 2019

*From Christ the whole body, joined and
held together by every supporting ligament,
grows and builds itself up in love,
as each part does its work.*

Ephesians 4:16



Greetings in the name of our Lord and Savior, Jesus Christ!

The LCMS Foundation has wrapped up another year and we celebrate the generosity of God's people for His church. Our work is focused on two things: providing planned giving expertise to the members of the LCMS, and managing the investment of those realized estate gifts and other assets of the church.

During this past year, the Foundation assisted LCMS donors in creating 926 planned gifts totaling \$141 million in future benefit to ministries of the church. These gifts include bequests, gift annuities, donor advised funds, charitable trusts, endowments, and beneficiary designations from individual accounts.

The Foundation also distributes gifts that are received as a result of work with our donors in past years. These are a result of the joyful response to God's love found in the hearts of individuals in our LCMS community. During FY19, the Foundation distributed nearly 3,000 gifts totaling \$36.7 million to 923 LCMS ministries. These ministries include our congregations and schools, seminaries, districts, and ministries providing missionary support, rural and urban outreach, housing assistance, and much more. The gifts that went to support this gospel outreach and mercy work came in the form of cash, stocks, real estate, personal property, and other assets. Individual donors provide direction to the Foundation on the timing and use of these gifts.

Since 1958, the Foundation has served LCMS members, assisting them in making the very best gifts to their favorite ministries while providing for their families at the same time. Over those sixty-plus years, this work with these generous Christians has provided more than \$1 billion in resources to thousands of LCMS ministries in their work to share the Gospel of Christ and show love to their neighbors as they carry out the mission and ministry of the church.

Thank you from all of us at the Foundation for allowing us to serve you. May God richly bless you in the days ahead,

David Fiedler
President

Russ Harms
Chairman, Board of Trustees

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*I will make you into a great nation, and I will bless you.
I will make your name great and you will be a blessing.*

Genesis 12:2

gifts supporting ministry today

Gifts supporting ministry distributed during the 2019 fiscal year are the result of the Foundation's core services in planned giving and gift administration. Some gifts were the result of a donor generously writing a check; other gifts were

bequests made through a donor's estate plan. The majority of gifts were created years ago and administered by the Foundation, then distributed to ministry when the donor was called to their home in heaven.

846
GIFTS

churches and schools

Many congregations, elementary and high schools promote legacy giving for long-term growth and outreach.

612 MINISTRIES | \$10.7M TOTAL

165
GIFTS

LCMS districts

LCMS districts rely on the Foundation's services to help manage investments and encourage gift plans that help in their work of strengthening the church.

35 DISTRICTS | \$2.1M TOTAL

464
GIFTS

LCMS, Inc.

The nine ministries of corporate LCMS include National and International Missions, Rural and Small Town Mission, the Global Mission Fund, the Joint Seminary Fund, etc. These ministries operate from the LCMS International Center in St. Louis, Mo.

8 MINISTRIES | \$9.3M TOTAL

185
GIFTS

other charities

Donors often include gifts to other charities in their estate plans, or request a distribution from their donor-advised fund to a charity outside the LCMS. The Foundation distributes these gifts to charities whose mission is not contrary to LCMS teaching.

158 ORGANIZATIONS | \$1.6M TOTAL

819
GIFTS

other LCMS ministries

These ministries include Recognized Service Organizations, such as Orphan Grain Train and Lutheran Bible Translators, and the auxiliaries Lutheran Hour Ministries and Lutheran Women's Missionary League.

99 ORGANIZATIONS | \$6.9M TOTAL

356
GIFTS

seminaries

God has also blessed the LCMS with two excellent seminaries, Concordia Seminary in St. Louis, Mo., and Concordia Theological Seminary in Fort Wayne, Ind.

2 SEMINARIES | \$4.7M TOTAL

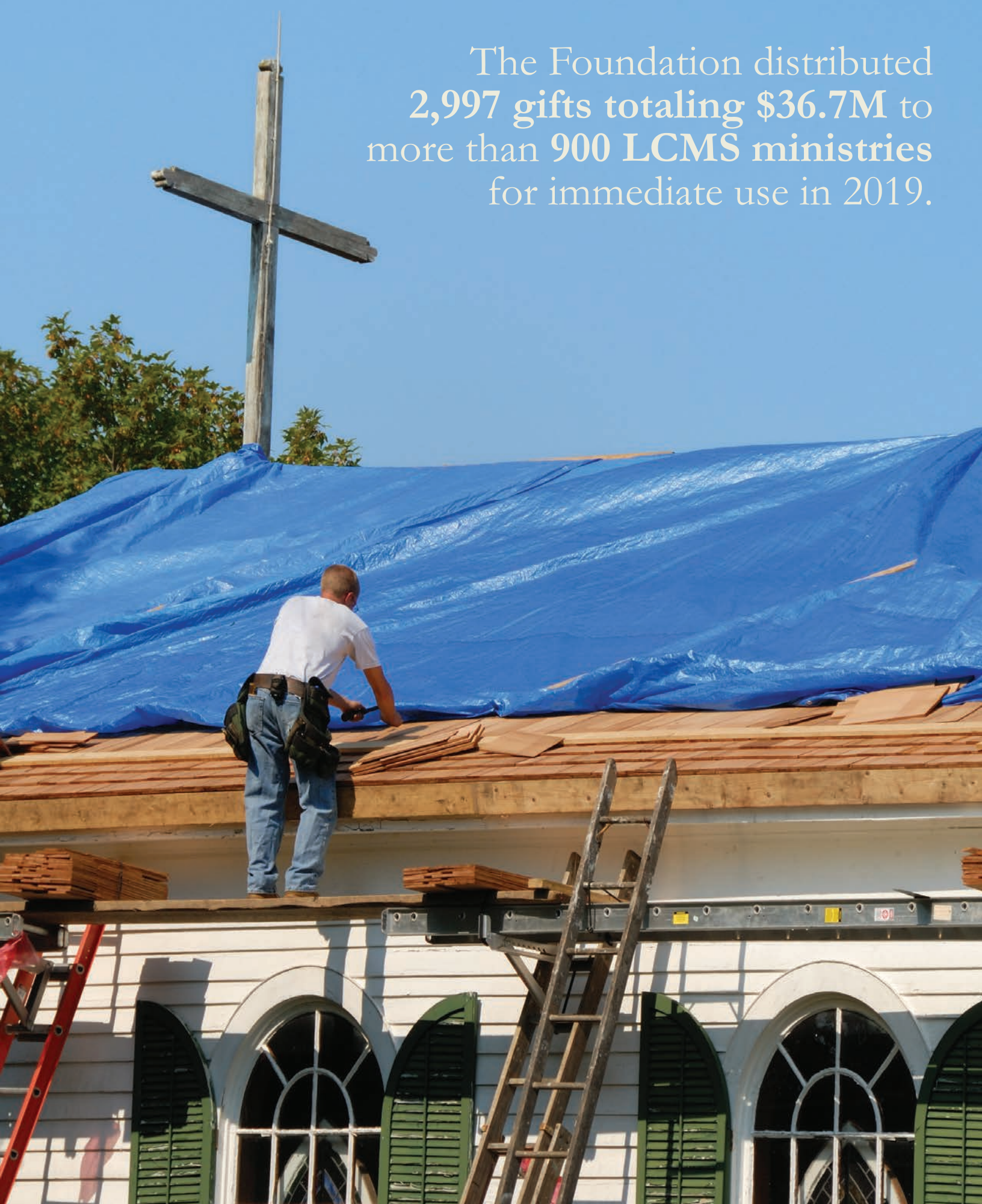
162
GIFTS

universities and colleges

Gifts benefitting the institutions of the Concordia University System often provide scholarships or other types of financial aid to students.

9 INSTITUTIONS | \$1.4M TOTAL

The Foundation distributed
2,997 gifts totaling \$36.7M to
more than 900 LCMS ministries
for immediate use in 2019.



gifts supporting ministry tomorrow

LCMS ministries receive significant funding from traditional endowment and donor-advised funds each year. Individuals and families choose how to set up an endowment fund and how it will benefit ministry (or multiple ministries). Endowments may be perpetual or for a term of years.

399

endowment funds

In FY19, Foundation donors established or added to endowment funds that will provide resources to ministry in the future.

\$13.4 million

Donor-advised funds are a type of endowment that provide individuals and families the flexibility of ongoing direction over the amount, timing, and recipient ministry of distributions.

81

donor-advised funds

Foundation donors established or added to donor-advised funds this past fiscal year for ministry in the future.

\$2.6 million

Many donors use highly appreciated assets, such as publicly traded securities and real property, to fund split interest gifts that provide income to family, but also include a gift to ministry.

181

split interest gifts

Donors often make gifts that have a "split interest," that is, provide payments back to them or their family and then eventually leave a gift to ministry.

\$8.4 million

Each year Foundation gift planning counselors assist donors in establishing plans to make the very best gifts to ministry. These often include gifts that will be made through estate plans including bequests and/or pay-on-death designations from insurance policies or retirement plans.

265

gift plans

In FY19, LCMS donors working with the Foundation created gift plans toward future ministry.

\$117.1 million

the foundation in action

Planning for the future was the goal. How to accomplish the goal wasn't clear.

When Ralph Simon, Vice President of Investment Services for the LCMS Foundation, paid a visit to a rural midwestern congregation, he found people eager to make plans for the future. They had recently received a \$300,000 estate gift and had asked for help investing it. It had been placed in a local bank to accrue interest and grow. Ralph also discovered that for some time a one million dollar bequest had been invested with Merrill Lynch in bonds and U.S.-based mutual funds. Their congregation also had a \$100,000 bank CD to pay for cemetery upkeep.

While meeting with their investment committee, Ralph could see that there were multiple opportunities to explore. He spent time listening to the committee to understand their goals for how these resources might be used. It became clear that interest from the bank accounts wasn't even keeping up with the rate of inflation. The Merrill Lynch funds were poorly diversified and had expenses of 1.5-2%, removing much of the gains from the investment.

"They were grateful that the LCMS Foundation could help them solve their stewardship problems," explained Ralph. "There is a long-term financial future for ministry at that church, but it needs to be encouraged to grow." Using the congregation's goals, Ralph helped them establish an investment account and a permanent endowment with the LCMS Foundation. Each were invested for the growth and diversification that they needed. "The members can be confident that the gifts they leave to ministry will be wisely invested and used specifically for the areas of ministry they desire. With God's help and their partnership with the LCMS Foundation, they can be hopeful for the future of their church."

A veteran's gift plan provides for his sister and supports the ministries he loves.

David was in his early 80's when he first met LCMS Foundation gift planning counselor Eileen Fitzenreiter. A retired Navy veteran of 30 years, David had never married. However, he did look after and support his sister, who resided in an assisted living facility. David contacted Eileen, knowing the Foundation could help in establishing financial plans to assure his sister would be taken care of if he was called home before she was. But David also wanted to leave a meaningful gift to support LCMS ministries. "He knew exactly what he wanted to support," Eileen recalls. "He always loved the LCMS; was raised in it. David had a lifelong history of giving to more than 15 different LCMS ministries."

When the time came for David to transfer stocks to fund his deferred gift annuity, Eileen went to the bank with him. She even walked him through the process of claiming stocks in paper certificates.



Eileen vividly remembers the day David signed the final paperwork for his gift plan and will. "It was April 1 and he wasn't feeling well. He was going to see the doctor immediately following the signing." David died twelve days later with the peace of knowing his estate would be managed according to his plans, that he would leave a gift to continue the work of the LCMS, and that his sister would be taken care of financially.

After David died his family contacted Eileen. "Over several conversations they expressed to me how thankful they were that David had a gift plan that took care of his estate and supported the things that were closest to his heart. Hearing that is like frosting on the cake for me."

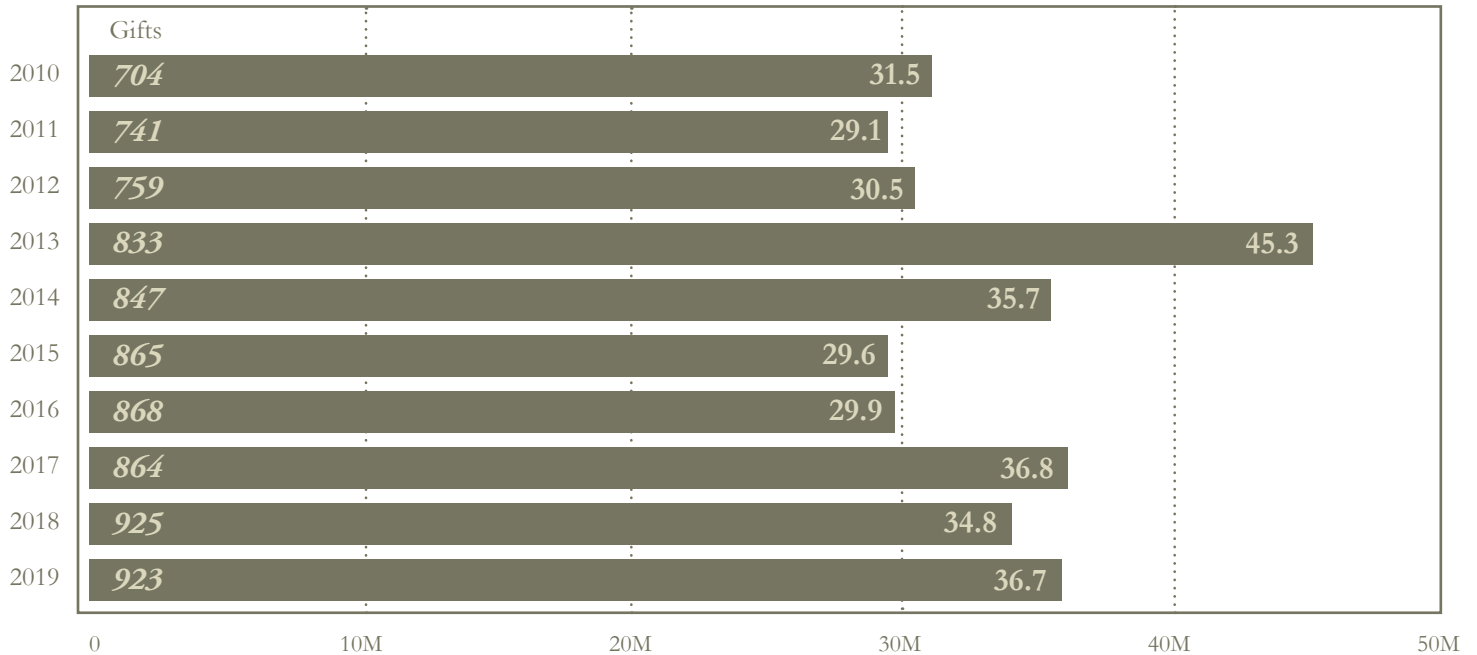
statements of financial position

| ASSETS (\$ thousands) | 2019 | 2018 |
|--|----------------|----------------|
| Cash and cash equivalents | 10,951 | 12,018 |
| Accrued interest and dividends receivable | 1,539 | 1,639 |
| Investments | 830,769 | 790,900 |
| Real estate held for sale | 403 | 688 |
| Notes and loans receivable | 592 | 588 |
| Land, building, and equipment, net of depreciation | 1,207 | 1,292 |
| Real estate held in custody | 5,829 | 4,661 |
| Beneficial interest in charitable trust | 1,266 | 1,181 |
| Other assets | 8,350 | 8,071 |
| TOTAL ASSETS | 860,906 | 821,038 |

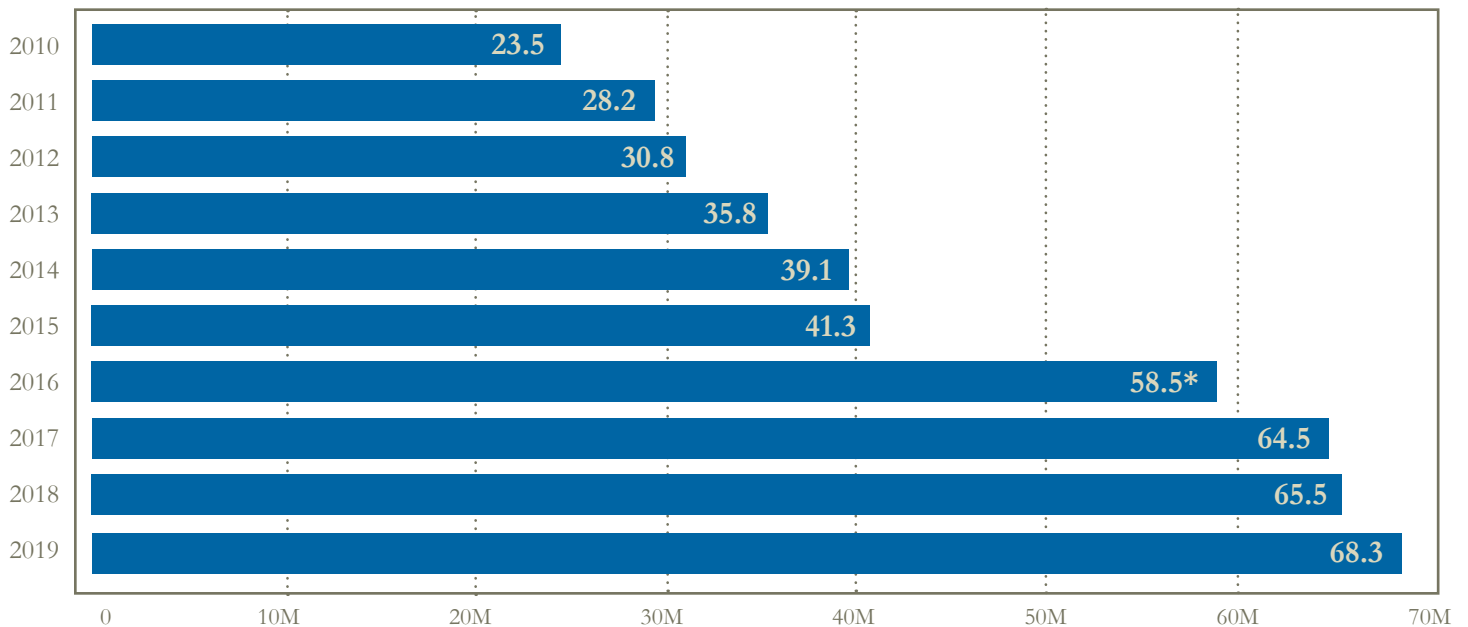
| LIABILITIES AND NET ASSETS (\$ thousands) | 2019 | 2018 |
|---|----------------|----------------|
| Liabilities | | |
| Accounts payable and accrued expenses | 669 | 678 |
| Trust and other liabilities due to: | | |
| Life income | 147,583 | 152,589 |
| Gift annuity | 19,212 | 22,865 |
| Held in: Endowment | 155,258 | 139,969 |
| Custodial | 469,175 | 437,394 |
| Agency | 737 | 2,083 |
| Total trust and other liabilities | 791,965 | 754,900 |
| Total liabilities | 792,634 | 755,578 |
| Net assets | | |
| Without donor restrictions | 46,488 | 43,789 |
| With donor restrictions | 21,784 | 21,671 |
| Total net assets | 68,272 | 65,460 |
| TOTAL LIABILITIES AND NET ASSETS | 860,906 | 821,038 |

ten-year history

ministry distributions (\$ MILLIONS)



net assets (\$ MILLIONS)



* Endowments valued at \$20.4 million were reclassified from liabilities to net assets in 2016.

investment performance summary

| STANDARD FUNDS | | 1 year | 3 year | 5 year | Inception | Inception Date |
|-----------------------|--------|--------|--------|--------|-----------|----------------|
| Equity | Actual | 4.87% | 11.33% | 6.74% | 6.56% | January 1997 |
| | Index | 4.73% | 11.67% | 6.55% | 7.26% | |
| Fixed Income | Actual | 6.98% | 3.26% | 3.28% | 4.59% | January 1997 |
| | Index | 7.12% | 3.03% | 3.15% | 5.45% | |
| Conservative Balanced | Actual | 6.60% | 5.36% | 4.20% | 5.54% | December. 2001 |
| | Index | 6.78% | 5.25% | 4.12% | 5.62% | |
| Moderate Balanced | Actual | 6.00% | 7.31% | 5.09% | 5.99% | January 1997 |
| | Index | 6.26% | 7.43% | 4.97% | 6.73% | |
| Aggressive Balanced | Actual | 5.41% | 9.30% | 5.98% | 6.33% | December 2001 |
| | Index | 5.58% | 9.57% | 5.82% | 6.63% | |
| PREFERENCE FUNDS | | 1 year | 3 year | 5 year | Inception | Inception Date |
| Domestic Equity | Actual | 8.18% | 13.54% | 10.16% | 6.54% | November 1999 |
| | Index | 8.31% | 13.36% | 9.86% | 6.40% | |
| International Equity | Actual | 1.41% | 8.86% | 2.34% | 4.50% | November 1999 |
| | Index | 0.32% | 9.44% | 2.19% | 4.20% | |
| Core Bond Fund | Actual | 7.50% | 2.63% | 3.18% | 4.87% | November 1999 |
| | Index | 7.26% | 2.20% | 2.88% | 4.86% | |
| High Yield Bonds | Actual | 5.38% | 5.95% | 3.79% | 6.68% | November 1999 |
| | Index | 6.39% | 6.33% | 3.97% | 6.88% | |
| Money Market | Actual | 1.70% | 1.06% | 0.71% | 1.69% | November 1999 |
| | Index | 2.29% | 1.36% | 0.84% | 1.71% | |

charitable remainder trusts

| TRUST FUNDS | | 1 year | 3 year | 5 year | Inception | Inception Date |
|---------------------------|--------|--------|--------|--------|-----------|----------------|
| Income Short | Actual | 7.30% | 3.01% | 3.30% | 4.51% | January 2003 |
| | Index | 7.19% | 2.61% | 3.02% | 4.44% | |
| Income Intermediate | Actual | 6.15% | 5.42% | 3.99% | 6.25% | January 2003 |
| | Index | 6.74% | 5.52% | 4.09% | 6.43% | |
| Income Long | Actual | 5.61% | 6.18% | 4.10% | 6.81% | January 2003 |
| | Index | 6.49% | 6.55% | 4.39% | 7.27% | |
| Total Return Short | Actual | 6.76% | 4.88% | 3.94% | 5.64% | January 2003 |
| | Index | 6.91% | 4.80% | 3.88% | 5.59% | |
| Total Return Intermediate | Actual | 5.92% | 7.70% | 5.17% | 6.74% | January 2003 |
| | Index | 6.37% | 7.83% | 5.11% | 6.83% | |
| Total Return Long | Actual | 5.40% | 9.43% | 5.85% | 7.24% | January 2003 |
| | Index | 5.86% | 9.70% | 5.79% | 7.48% | |

equipping others for planned giving



Eileen Fitzenreiter, Ohio District Gift Planning Counselor, leads the class during a course held at Concordia University, Ann Arbor, Mich. Participants receive comprehensive gift planning training and education from experienced professionals.

The Lifetime Plan for Giving courses offered by the Foundation give development staff and church leaders the confidence and expertise to work more effectively with donors. This free gift planning program offers training and guidance from experienced Foundation gift planners in the service of LCMS churches, schools, and other ministries. Held across the country several times each year, the Foundation's training program strengthens partnerships with gift planning professionals and ministry organizations and helps to grow our mutual work in God's kingdom.

A full schedule of 2019-20 training dates is available online at www.lcmsfoundation.org/training. Register today or contact Philip Meinzen with any questions.



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gift planning counselors

Your LCMS Foundation Gift Planning Counselor is a fellow Lutheran who shares your love for the Lord and understands your desire to help spread the Gospel. Your counselors are experienced professionals who can assist you with Christian estate gift planning and the transfer of blessings to family, heirs and the ministries you love.

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Our professional and prepared staff is ready to assist you. Please contact a gift planning counselor or contact the Foundation office.

The Foundation continues to provide **professional investment services and expertise** for our congregations, universities, and seminaries.



investment services

turning gifts into long-term resources

God often provides gifts to congregations and ministries that can be used for long-term ministry needs. Congregations and ministries with the vision and organization to manage and grow these gifts will be blessed through these resources for years to come. The Foundation can help you simplify the process.

For many years, the Foundation has provided professional investment services and expertise for our congregations, universities, and seminaries. We can help you establish funds and manage them to provide resources for operational needs, scholarships, mission trips, and other ministry opportunities.



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Please contact Ralph Simon to receive our comprehensive Investment Services booklet and learn how to grow resources beyond the offering plate for long-term ministry funding.

serving congregations and ministry organizations

Our team of trust administrators provides the highest level of client services available. Every investment account is individually assigned to a team member for account management and direct contact for the organization. Additionally, the team provides management of funded planned gifts for future ministry benefit.



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