



FALL 2014

# CORNERSTONE

# Notes

## Maximizing investments & income

*Explore money management techniques to earn more*

**T**hese days, every church and organization is looking for ways to do more with their resources. Interest-bearing checking and savings accounts once provided a bit of extra income — but the rates on traditional accounts have reached such low levels that many interest payments are measured in pennies rather than dollars.

Savvy money managers use a variety of tools to make the most of their shorter-term funds — that money kept in checking and reserve accounts that will (or may) be needed in five years or less. Thanks to the expertise of the professionals at the Cornerstone Fund, many of those techniques are available to you!

One method to maximize your checking and short-term money: keep excess funds in a higher-paying account (like the Cornerstone Fund's Demand Account) and make transfers when you're ready to write checks. Your money is readily available when you need it, but you take advantage of higher rates in the interim. And at the Cornerstone Fund, you can take advantage of quick and free electronic funds transfers at any time.

Another option: establish a *ladder* of term investments that earns higher rates for reserve funds you want to keep accessible but are unlikely to need except in an emergency. Typically, the longer the term, the higher the interest rate — so a ladder structure seeks to arrange terms and schedule related maturities to maximize yield. Should you need access to some of your reserve funds, ladder investments can reduce the chance you will need to cash in an investment before it matures,

which could undermine your income by making your investment subject to an interest penalty.

The Cornerstone Fund can help you examine your church's money management strategy, make the most of your investments and maximize the income available for your ministry.

Give us a call at 888-822-3863 to learn more.



## Unsure about rates?



**Gordon Gilles**

*President*

**N**o matter which news outlet you prefer, you may well feel confused about the economy. For instance, can anyone offer you a confident prediction on the direction interest rates will take? Probably not. We understand. And we have you covered.

Our cover story highlights a few of the ways the Cornerstone Fund can help your church maximize income. The even better news: we can do the same for you! Cornerstone Fund investments are open to both ministries *and individuals* affiliated with the UCC.

But we go one step further — we offer a Step Up Your Rate option on three of our term investments! Now, investors concerned about locking into one rate in an uncertain economy can rest

assured that they have an opportunity to step up to a better rate should one become available during the term of their investment. So if you invest today in a 60-month note paying 1.875% and our 60-month rate goes up to 2.50% in a couple of years, you can move up to the new rate for the remainder of your term.

At the Cornerstone Fund, we're always looking for ways to make our particular style of mission-centered investment more attractive for you. Have an idea you'd like to share? Drop us a note or give us a call. We're proud to serve you.

*Blessings,*

A handwritten signature in black ink that reads "Gordon".

### NEWS TO NOTE

## Building projects on the horizon?

For many churches, fall is the season of planning for building projects that will begin to take shape in the spring. And in some communities, the colder weather that slows outdoor construction means ideal timing for interior renovations. If your church is considering a building-related project of any size, you need to call the Cornerstone Fund.

In over two decades of working with churches and UCC organizations, our staff has developed a keen understanding of your needs and concerns, and we've created financing options ideally suited to faith-based borrowers. For instance, we charge none of the usual fees you'll see at commercial banks — and we even reimburse up to \$1,500 of our modest closing costs. We offer both adjustable and fixed rate loans, along with a revolving line of credit. And we even make repayment

easier, with amortization alternatives ranging from five to 30 years and the option of recalculating your payment should you make a large principal reduction.

Visit us online to learn more about financing from the Cornerstone Fund. Or give us a call to discuss your plans today!



# It's budget season!

## *Craft a budget that inspires donors and strengthens giving*

Most churches approach budget development and presentation from an accounting point of view — offering a (rather dull) page of numbers arranged in a manner that may or may not reflect the work your church is doing in the world. Want to inspire your members to greater giving? Give them a budget that tells the story they care about — the story of your church in action! Often referred to as a *narrative budget*, this style of presenting financial information transforms that page of numbers into a story that brings to life what's best about your church, and identifies the cost of offering the ministries you value.

### **Determine four or five categories**

Create a frame for your church's story to contain all of your expenses and telegraph your church's mission and ministry. Most churches use some version of existing categories —

- Ministry areas: worship, education, pastoral care, youth, mission
- Objectives: building faith, reaching out, working for justice
- The church mission statement

Choose just a few categories to frame your story — and remember that active words are better. Instead of a churchy category like Christian Education, consider something catchier like Building Believers. Make sure each category tells a part of the story your donors value.

### **Assign expenses to your categories**

A category like Building Believers might combine expenses associated with Christian education, pastoral care, youth ministry and more. Your frame will determine how you allocate costs.

- Feel free to divide costs among different categories. The pastor's salary,

for instance, might be divided among worship, education, pastoral care and administration — allocations that actually reflect the cost of ministry more accurately than one number lumped under Personnel (or worse, under Administration).

- Ask the pastor to estimate the percentage of his/her work that applies to each of your frame's categories. Combine the salary, housing, fringe benefits, and all professional expenses (ie, book allowance, educational travel) into one total amount.
- Follow a similar procedure with other staff compensation and even with office expenses like postage and internet costs. Eliminate the catch-all Administration category by dividing costs so that each category in your frame includes its share of office costs.
- Consider spreading the cost of Building & Grounds among other categories like Worship or Christian Education, estimating the percentages of the use of facilities required by the ministries in those categories.

### **Tell the story as many ways as possible**

Some people love photos. Others like bullet-point lists. Still others prefer pie charts and graphs. Describe each category using a range of appeals. You're limited only by your imagination!

Remember — don't overthink the process or the method of calculating or assigning expenses. You're telling a story! Have fun!

To download examples of narrative budgets created by other UCC churches — from the very simple to the colorful and complex — visit us online at [cornerstonefund.org/learn/church-finance](http://cornerstonefund.org/learn/church-finance).



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### **RATES**

An email to update you when investment and loan rates change.

### **CHURCH MANAGEMENT**

A brief article to help pastors, church officers and other leaders navigate a range of church management challenges, from budgets and finance to policies and risk management.

### **EDUCATIONAL EVENTS**

An occasional email with information on new Cornerstone Fund programs, webinars and more.

### **E-NEWSLETTER**

Receive our seasonal newsletter, *Cornerstone Notes*, by email. The same useful news, delivered right to your inbox.

*To subscribe, send your name, email address & interests to [info@cornerstonefund.org](mailto:info@cornerstonefund.org).*

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



*To build the church, invest with the church.*

OUR CURRENT RATES

### Investment Rates

	Interest Rate	Annual Yield (APY)
<b>Demand Account</b>	0.500%	0.501%
<b>Term Investments</b>		
6 months	0.750%	0.751%
12 months	1.000%	1.002%
18 months*	1.125%	1.128%
30 months*	1.375%	1.380%
60 months*	1.875%	1.884%
<b>Church Builder Bonus</b>	2.875%	2.896%

\* Eligible for Step Up Your Rate.

Rates are current as of September 15, 2014 and are subject to change without notice. See website for special requirements to earn Church Builder Bonus rate. Please see our notice at the bottom of page 3.

### Loan Rates

	Margin & Index	Rate Caps	Current Rate
<b>Adjustable Rate</b> (No Balloon)			
1 year	3.25% US Treasuries	2% / 6%	3.500%
3 years	3.50% US Treasuries	2% / 6%	4.500%
<b>Fixed Rate</b> (Balloon)			
30 years			5.000%
15 years			4.500%
5 years			4.000%
<b>Revolving Line of Credit</b>			
Adjustable			4.750%

All loans are available with payment terms of 5 to 30 years. The interest rate on a Cornerstone Fund loan is set at the time of loan approval and is guaranteed for 60 days. Rates as of September 15, 2014.



Scan this code for our current rates

888 – 822 – 3863

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