

Investing in Ministry Fund Introduction and FAQs

The Investing gives our church the ability to respond. Trustees and communities of faith owe it to themselves to acquaint themselves with the fund.

There are many places for a United Church community of faith to invest its funds. Some find that they have skills to help them succeed on the stock market. Others want to lessen risk to capital, and the traditional GIC is widely available. In both cases, the investment income is put to use in the local church paying bills, covering housing allowances, and topping up the annual budget.

"What many communities of faith do not realize is that by investing in these traditional ways, only the *investment income* is available for the mission goals of the community of faith."

Maureen Huismans, former President of Toronto United Church Council

Given the opportunity, United Church communities of faith choose investment strategies in which *both capital and earnings* contribute to the work of the church. While some have funds from endowments and property sales to invest others need to borrow money for capital upgrades to their facilities. The partnership possibilities are obvious, and the Investing in Ministry Fund is the vehicle that makes finance partnerships happen.

In the fund's first decade of service, the discussion came together around the question, "Is there really a way we can invest in United Church ministries?" As confidence in the fund grew, it has attained a participation rate of nearly 30% of the congregations eligible to participate. (In Toronto Conference, in 2018, of 248 congregations, 51 participated as lenders and 16 as borrowers from the fund.) TUCC is looking forward, over the coming years, to gauge the response of other southern Ontario regions to the fund's available services. It is gratifying to witness the success of a new approach to *being the church*.

Frequently Asked Questions:

1. **Is there a minimum amount we need to invest?**

Yes. The current minimum amount is \$25,000.

2. **Who can participate?**

Information here is applicable to investments by congregations, United Church corporations, and individuals investing \$150,000 or more. Investments of less than that amount require the investor to complete a Certificate of Accredited Investor to fulfill the eligibility requirements of the Ontario Securities Commission.

3. **How is our portion of the earnings determined?**

The Ontario Securities Act requires Council to invest your money in a way that 1) does not result in Council receiving a commission or other remuneration, and 2) does not have Council's assets benefit any lender. Your investment, therefore, earns its proportionate share of the total earnings

of the *Investing In Ministry Fund* less Council's administrative costs. While we cannot tell you - or guarantee - what the earnings will be, we can tell you about Council's lending policy to congregations and mission units and our experience making loans to them.

The earnings you receive will come from two sources. The first source is the interest paid by congregations and mission units borrowing from the Investing in Ministry Fund. The second source is from the investment of funds being held in anticipation of being loaned to potential borrowers. Audited financial statements of the *Investing in Ministry Fund* will be forwarded to you annually.

The chart below shows the Investing in Ministry return on funds for the past 10 years as compared to GIC rates and the TSX Index.

Rates of Return for the Investing in Ministry Fund – to 2022

Year	3 Year GIC Rate¹	5 Year GIC Rate¹	S&P/TSX Composite (%)²	Investing in Ministry³
2013	1.24%	1.63%	12.99%	3.60%
2014	1.13%	1.92%	10.55%	6.70%
2015	1.04%	1.47%	-8.32%	3.00%
2016	1.13%	1.41%	21.08%	3.00%
2017	1.19%	1.39%	9.10%	8.00%
2018	1.32%	1.69%	-8.89%	1.50%
2019	1.80%	2.00%	22.88%	4.00%
2020	1.00%	1.29%	5.60%	2.25%
2021	0.59%	0.98%	25.09%	4.00%
2022	2.33%	1.89%	-5.84	1.00%
10 Year Compound Annual Growth Rate (CAGR) (2013 – 2022)	1.28%	1.57%	7.74%	4.70%

1. 3- and 5-YR GIC rates taken from the Bank of Canada website (average rate per year)
2. In 2022, the way in which we report on the S&P/TSX Composite Index (CDN\$) has changed to include the impact from dividends and is based on stats provided by our investment advisor, Fiera Capital.
3. Past results as recorded above do not predict the Fund's future performance

Investing in Ministry Fund returns are based on income from two sources. Loans made from the fund return interest income. Funds not currently loaned are invested conservatively and in compliance with the United Church of Canada ethical standards. They are affected by capital gains and losses on the fund investment portfolio.

4. **If we look hard, can we find better rates of return for our investment?**

Undoubtedly you can find investment rates that offer a better return. The *Investing in Ministry Fund* does not make a claim to have "the best rates in town". Rather, it offers:

- a reasonable rate of return on your investment;
- an assurance that your investment capital is secure and guaranteed by Toronto United Church Council;
- an easy method to manage your investment portfolio; and most important of all,
- an opportunity to be a partner with other communities of faith and mission units as together we reach out to our home communities in the name of Jesus Christ.

5. **How are earnings paid?**

Your earnings are paid by cheque on your choice of an annual, semi-annual, or quarterly basis.

6. **Is there an administration service fee?**

No. As noted, Council does not receive a commission or any other remuneration. Council is to be reimbursed for its "out-of-pocket" administrative costs including investment management fees, audit fees, and bank charges.

7. **What is the term of our investment?**

Your investment with the *Investing in Ministry Fund* will be for a term of ten years or longer. You may redeem your investment in full or in part on the fifth anniversary and each anniversary date thereafter upon 180 days written notice to Council. The 180-day provision allows Council to make appropriate plans associated with your request. At the end of the full term, you may extend your investment for a further minimum five years with the right of full or part redemption on each anniversary date.

8. **How will money invested be secured and guaranteed?**

The *Investing in Ministry Fund* is a fund of Council administered separately from the rest of Council's assets. Council will issue as security to each investor a promissory note providing for the guarantee of the earnings payment schedule as chosen and for the repayment of the full investment at the maturity date of the contract term if the investor chooses to redeem the invested amount. The promissory note will be signed by the officers of Council and backed by the Council's assets.

As added security, participants in the *Investing in Ministry Fund* will be given a General Security Agreement (GSA) which is a floating charge against Council's personal property should Council be in default of its obligations to you. The GSA is registered under The Personal Property Security Act with the Ontario Ministry of Consumer and Commercial Relations.

9. **What happens if our congregation or mission unit requires its invested money during the term for an emergency capital need?**

Similar to a GIC, the investment with Council is for a fixed term. While Council would normally be unable to prematurely end the contract in the first 5 years, Council would work closely with you to find acceptable ways to finance your project until the investment can be redeemed. Council understands this to be a partnership, and this partnership is important to Council.

10. **What would be suitable funds for investment?**

Endowments and reserves not immediately required can be invested in the *Investing in Ministry Fund* to earn income for you while your capital makes a difference in a neighbouring congregation or mission. Since the minimum period before redemption is five years, money you need in the short term should not be considered. Some examples may be helpful.

Perhaps your congregation sole the manse and the Presbytery has directed that the income be used for a specific purpose. Using the *Investing in Ministry Fund* permits you to receive and apply the earned income for the intended purpose while investing the capital in United Church projects within your area. The same consideration would apply for bequests received where the will has directed only the income be used. Imagine how the donor would feel if he or she knew that both the capital and earnings of their gift were at work in the church through their congregation and beyond.

11. **How will our money be put to use?**

Your funds are reinvested with congregations financing capital improvements to their buildings (such as new building construction, accessibility retrofits, fire and safety retrofits, roof and other structural repairs, additions, and upgrades). Mission units wanting to borrow funds to provide affordable housing, shelters, community kitchens, and other facilities for community outreach ministry will also be considered. Loan requests will be evaluated using the Council's well-developed and tested criteria. Loans under \$50,000 will be secured with a promissory note; loans over \$50,000 will be secured with a first mortgage in favour of Council (ensuring additional security for both investors and Council). Council has been making similar capital loans for more than 100 years. Over that time, United Church people have diligently honoured their commitments knowing other congregations and mission units will use their repaid funds for similar purposes in other communities.

12. **Lastly, why is the *Investing in Ministry Fund* such a popular investment option?**

The reasons are clear. First, the church has a profoundly Christ centred attitude towards money and investment that is different from prevailing attitudes in our society. And secondly, the need for investment in congregational development and mission outreach is greatly needed. Right now, more congregations and mission units are preparing to apply for financing for work urgently needed if they are to grow and meet the emerging needs in their neighbourhoods and communities. The commitment of investors to the *Investing in Ministry Fund* is the cornerstone of the church's ability to respond.

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