



The Evangelical Covenant Church

September 21, 2015

Communique to Conferences & Local Covenant Churches

Update - Denominational Financial Resources Available to Local Churches

Greetings to all of you from the denominational finance team. What a blessing it is to work on your behalf as we develop financial strategies and resources intended to amplify local ministry. As noted at Gather'15, our team has been actively working on a number of new projects of great potential interest and benefit in the local church and conference setting. The following serves as a summary update related to three of our major projects. We trust you will find this information useful, and we look forward to an ongoing conversation as we "re-imagine" ways in which to better serve you.

1) **New 403(b) Retirement Plan Vendor – GuideStone Financial**

We are pleased to announce that as of October 2015, we will designate GuideStone Financial as our preferred vendor for 403(b) "defined contribution" retirement plans, replacing our existing vendor (Vanguard).

Context – We all need encouragement to adequately plan for retirement. As you know, Covenant ministers are already required to participate in our "Covenant Pension Plan", the denominational managed defined-benefit retirement plan. **There are NO pending changes to this plan**, which continues to provide wonderful, life-long benefits for vested pastors, missionaries, and surviving spouses.

However, in addition, some ministers, local lay workers, and churches have also taken advantage of elective, tax-deferred contributions into a 403(b) retirement plan. Local churches retain complete flexibility in setting up such a plan on their own, but it can prove to be confusing, time consuming and very costly. To date, when local churches have inquired with us about establishing a local plan, we have been largely "reactive" - handing them over to Vanguard for implementation. While Vanguard remains a wonderful firm, we are a very small client (so they are not proactive in marketing 403(b)

benefits to our churches), and they have no particular knowledge or structure to address ministerial tax nuances. **As an example, ministerial retirement distributions from a current Vanguard “403(b)7” plan are NOT eligible to claim as housing allowance.**

GuideStone Financial is a highly regarded denominational, non-profit investment platform (Southern Baptist). We will be partnering with them specifically on their “403(b)9” plan, which provides an excellent investment track record, socially responsible Christian investment screening, and a deep understanding of ministerial compensation and taxation. The importance of the “9” designation is simply that it is a denominational 403(b) plan. Notably, **retirement distributions from this plan WILL be eligible for housing allowance designation.** After months of diligence and relationship building, we believe this partnership provides wonderful investment options and tax / cost efficiency for ministers and lay workers alike.

So what does this mean for you?

- **Watch for GuideStone communication in the mail, via email and by phone.**
You remain fully free to make your own vendor choices, but if a 403(b) plan is (or becomes) a consideration, GuideStone remains our strong vendor recommendation. Under this structure, you are able to benefit from an aggregate ECC-structured plan, where we have established suggested plan features – providing substantial savings on administration, implementation, timing and cost. The GuideStone team will be responsive and eager to make the education and implementation process seamless. GuideStone representatives are intimately familiar with ministerial compensation. Contribution rates are entirely up to the local church and employee. Again, watch for GuideStone materials which will outline the holistic benefits of a 403(b)9 plan as a part of any comprehensive retirement plan.
- Expect more proactive marketing of the 403(b)9 product to local church settings – encouraging stronger levels of retirement savings for ministers / lay workers alike.
- Though not required, our strong recommendation is to transfer all existing 403(b) Vanguard accounts / plans to GuideStone, in order to access the investment, tax and resource benefits of this denominational plan. GuideStone is available to implement any transfer seamlessly, and there should be no cost or

tax implications associated with the transfer. **NOTE: In no circumstance should a local church have two active 403(b) plans in place. Please use a single vendor.**

- Lastly, note that this relationship is singularly focused on the 403(b) plan partnership. For all broader individual financial, estate planning and investment counsel, our very own Covenant Trust Company (CTC) stands ready to assist you through a committed and talented network of regional financial services representatives. The 403(b) plan cannot be administered by CTC, necessitating this partnership with GuideStone.

Again, this remains an “incremental” vehicle, beyond the existing requirements of the Covenant Pension Plan. We are delighted to offer this recommendation.

2) Revised approach to Pastoral Compensation Resources

For many years, we have published an ECC-wide pastoral compensation study – making it available on the web. While the study contains some interesting information, we have simply determined that there are other, much more fulsome resources available to draw from. Based upon the many inquiries we receive, we have also noticed that the data in our study (minimum compensation levels, suggested salary increases) was largely comprised of broad national averages within the ECC and beyond. These broad national data often bear little relevance to the “hyper-local” market in which you serve. Because of this, certain conferences have even developed their own compensation resources. We are certainly duplicating efforts.

Reviewing all of this, we have set the following suggested strategy in place: The denomination will annually invest in copies of the Richard Hammar *Compensation Handbook for Church Staff* (published by *Christianity Today*) for distribution to each conference office. Many local churches also purchase this guide, as do we at the denominational level. This compensation handbook contains much more significant data than we could ever provide, sorted by ministry position, terminal degree, urban vs. rural settings, years of pastoral experience, denominational setting, local church budget, local church attendance, as well as other segments. It also provides data for many different ministry positions, as well as broad commentary on components and trends in compensation. Once used a few times, the guide becomes easy to interpret.

Churches are now encouraged to engage in two separate sets of analysis as they consider total pastoral compensation.

- 1) First, in partnership with the local conference, access relevant data in the Hammar study (updated annually) to provide a broad set of data for context setting / comparison to the local setting.
- 2) Once the Hammar data is acquired for broad context, use denominational resources to better understand the specific ECC context in the local area. Because the ECC is not individually represented in the Hammar study, we encourage the local church to contact the denominational finance office providing the details of the pastoral position & setting and we will then assist in providing relevant, tailored ECC data and ranges which correlate with your specific ministry setting.

We believe this strategy will result in much better nationwide and local data gathering, while also strengthening ties to both conference and denominational resources. We at Covenant Offices remain available to help in any way that we can, but we also believe that giving you access to broader, accessible data early in the process will make our conversations more tailored and effective.

3) **Online Giving Resources (CovGiving)**

Lastly, many of you already utilize the services of our online giving vendor partnership. This is a wonderful way to enhance local giving to both directed and unrestricted ministry. While market data suggests great and increasing effectiveness of online giving mechanisms, the reality is that transaction costs continue to present a barrier to greater deployment. Our team has been very active in negotiating with multiple vendor partners to create an innovative and much more attractive value proposition for online giving. In recent weeks, you may have noticed that we have substantially reduced our processing costs for local churches. In the coming weeks, we plan to use denominational scale to even further reduce costs. While our current system does not have all the “bells and whistles” of some broader market applications (example: textable giving), I can assure you that it is now one of the lowest cost programs you will find, anywhere! There are also good resources to walk you through the process of implementation, which can be accomplished within days. Please see the attachments at the end of this memo for more information.

In closing...we realize that "financial resource" memos are not the most inspiring communications. However, we all know that better financial strategies can amplify ministry, and we trust you will find more resource communication useful. Please do not hesitate to reach out to us with questions.

Thanks for the many remarkable ways in which you serve – we are so grateful for your partnership in ministry!

A handwritten signature in black ink, appearing to read 'Paul Hawkinson', with a large, stylized initial 'P'.

Paul Hawkinson
Executive Director of Finance & Treasurer

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The Evangelical Covenant Church
ONLINE GIVING PORTAL

God calls us to be givers, generous sharers of his abundance. In our giving, we participate in God's work in the world, and we participate in the transforming work God wants to do in each of us.

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Sample Covenant Giving Sites

Welcome to the Evangelical Covenant Church Online Giving Portal

If you have any questions, please contact Jeremy Boston at (847) 463-2931 or email him at jboston@covchurchgiving.com.

View some sample sites here:

[Evangelical Covenant Church - Covenant Offices](#)

[First Covenant Church - Jamestown, NY](#)

[Countryside Covenant Church](#)

[Trinity Covenant Church](#)

[South Bay Community Church](#)

[Milwaukee Evangelical Covenant Church](#)

[Bellingham Covenant Church - Bellingham, WA](#)

[Community Covenant Church - Fairbanks, Alaska](#)

[Midsouth Conference](#)

[KICY AM & FM - Nome, AK](#)

[Evangelical Covenant Church of Alaska](#)

[Evangelical Covenant Church Of Lafayette](#)

Giving

[Donate Now](#)
[Pay for an Event](#)
[Home](#)

Customer Service

[Your Account](#)
[Giving Cart](#)
[Wish List](#)
[Donation Status/History](#)
[How to Donate](#)
[FAQ](#)
[Contact Us](#)

Our Policies

[Privacy Policy](#)
[Usage Policy](#)





Transaction Fees (No Merchant Account Required)

Payment Type	Transaction %	Transaction Fee
VISA - MasterCard - Discover	1.50%	\$0.35
e-check/ACH	0.00%	\$0.45

Monthly Fees (No Setup Fees)

Monthly Transaction Volume	Monthly Fee
\$0 to \$2,500	\$29.95
\$2,501 to \$5,000	\$44.95
\$5,001 to \$7,500	\$59.95
\$7,501 to \$10,000	\$74.95
> \$10,000	\$89.95

* Month to month contract with no termination fees

* Covenant Giving fees are debited from your organization's checking account each month.

The Covenant Giving solution includes:

- You can view what your portal would look like at this link: <http://www.covchurchgiving.com/t-samples.aspx>
- An unlimited number of customized secure pages. We create and edit your site. No technical expertise required
- Customer service representatives available to answer your question or the questions of your donors via phone and email
- Giving incentives that drive donors to your site and enable the potential for an increase in actual gift size
- Recurring donation and payment capabilities
- Automatic recurring donation and payment processing
- Email Receipts sent automatically to donors

www.CovChurchGiving.com

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Church Giving Technologies, 18 E. Dundee Rd, Building 2, Suite 110, Barrington, IL 60010

- Real-time transaction notification via email
- Your pages hosted on Covenant Giving's PCI DSS compliant secure servers
- Acceptance of all major credit card types
- Ease of use - as simple as adding a link to your website
- The ability for users to create their own account for convenient future access and the ability to see a history of their past online giving
- The ability to have your donor give to multiple causes within one "Giving Experience"
- The ability to let your donors choose how they allocate their gift

The Covenant Giving solution has NONE of the following:

- Additional transaction fees for affinity and rewards cards. These cards are referred to as non-qualified cards and typically have a 1% to 1.5% surcharge associated with them
- Gateway fees
- Cancellation fees
- Fees for edits or changes
- Fees to add new pages
- Merchant account signup fees
- A minimum number of transactions
- Long term contracts – Covenant Giving is a month- to -month service
- Customer service fees when you have questions about your account

The Covenant Giving solution has the following features for Church donations, tithes and events:

- Sponsor a mission
- Set up specific donating initiatives
- Give to a specific project
- Enroll and pay for a Church event
- Volume discounts
- Early bird discounts
- Coupons
- Associate corresponding documents to an event or service, such as a liability release
- Electronic documents that need to be associated to a given event or service can be automatically emailed to the customer
- Event reminders
- "Scholarship Items". Gives the customer the ability to enter an agreed upon price for a service or event that is not the default price
- "Pay the Covenant's Bills" item where you can create items associated to the church's monthly bills. (gas, electric, phone, technology support)

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For your convenience, here is a comprehensive list of how implementing online giving can benefit your church:

- Online giving is easy, it's convenient, and it's safe
- 5th Sunday – with the potential increase in gift size for online giving, most churches realize an extra week of revenue per month
- The average churchgoer will miss about seven services a year. Online giving will make up those missing gifts
- Another attribute of e-giving is its potential to bring in larger donations. The Kintera/Luth Nonprofit Trend Report (report can be obtained at kintera.com) shows that online contributors give as much as 50 percent more than those that give through traditional means. The report attributes this phenomenon to people making a one-time decision to give a certain amount each week, rather than deciding how much to give each week based on what's in their wallet at that time
- E-giving is also ideal for people who have a church home, but for some reason (work schedule, health, or travel) attendees don't attend as often, it will be easy for them to continue supporting the church financially through e-giving, whereas they probably wouldn't mail a check every week or every month
- Electronic giving (e-giving) programs provide a number of benefits. The primary one is that they create a stable source of revenue year round. Summer vacations, inclement winter weather, and illnesses are all factors that may cause parishioners to miss a week's service. Without an e-giving program in place, "A small percentage of people will make up their donation the following week, but most people won't"
- Donors that give online contribute at a higher rate – **about 24%**
- The cost of raising money online is only about 3 cents of every dollar raised
- Online contributions on average are about three times that of direct mail...\$108 compared to only \$35 for direct mail
- Many online donors use the Internet to make their first donation
- Patrons who go online and seek your website are more committed than most...so taking them to the next step – making a donation – becomes a little easier
- Makes your cash flow more predictable by allowing people the ability to schedule a donation into their budget on a simple recurring basis
- Your administrative costs are lowered because you don't have to open envelopes and manually deposit income
- NSF Fees are significantly reduced
- You don't have to worry about checks being lost in the mail
- Donations go directly from a donor's bank account or credit card to your organizations bank account
- You actually save money because you don't need to mail reminder coupons or collection letters
- Members giving patterns are stabilized, making it easier to budget your income

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- Online giving is more secure than giving with a check. Electronic gifts can't be lost or stolen
- Instead of needing to worry about the donors writing their contribution check during the service, they can be fully engaged with the worship service, knowing that they have already given their offering.
- Extended reach to potential donors
- The ability to create, adjust, and direct an appeal almost instantaneously
- Reduce administrative tasks and processes
- Eliminate the liability of storing sensitive bank account information

For your convenience, here is a comprehensive list of statistics pertaining to online giving:

- Online donors are generous. Whether due to income levels, the impulsive nature of online giving or the credit card effect, online donors give significantly more than offline donors
- The number one reason donors say they give online is convenience. Other top reasons include giving quickly at times of crisis, making multiple gifts in one transaction through a giving portal, and seeing their overall giving history
- The median level of lifetime giving is much greater for online givers than for regular givers: from 50 percent higher to more than double
- More than 65 percent of donors used information from the internet before giving, whether online or offline
- Forty percent of donors *always* go online before making a donation, either online or offline.
- Online giving is growing exponentially each year, from \$250 million in 2000 to more than \$4.5 billion in 2005
- Weekdays are when most donors make their contributions. By dollar amounts, Monday, Tuesday and Wednesday are the days donors are most generous. People seem to be at their most generous on weekdays, not weekends
- More than 111 million consumers planned to donate online to charity in the last quarter of 2009
- 63% of online consumers planned to use the Internet to donate to charity in the last quarter of 2009, up from 51% in 2008
- An analysis of data for January 1st through June 30th of 2009 found that 1,245 nonprofits had at least one online gift of \$1,000 or more. 38 nonprofits in the analysis had at least one online gift of \$20,000 or more so far in 2009. Online pledges and recurring gifts were excluded from the analysis. Major donors continue to move to the web as part of their giving behaviors. The 2008 [donorCentrics Internet Giving Benchmarking Analysis](#) indicated that a median of 34% of online donors earned over \$100,000 annually, compared to a median of only 24% of offline donors in the same income range

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