

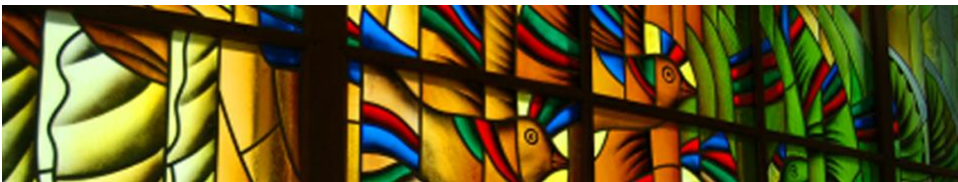


Debt Retirement: What, How, and Why

Introduce Yourself!

In the chat log on the right, type the name of your church & what you hope to learn.

Examples: St. Paul's, how to refinance
St. Mark's, debt retirement
Christ Church, how much debt is okay
St. Mary's, not sure; still learning



Debt Retirement: What, How, and Why

How to know what to do about it

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Financial Resources Consultant

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Strengthens the leadership and financial capabilities of Episcopal congregations, dioceses and communities of faith to pursue their mission and ministry

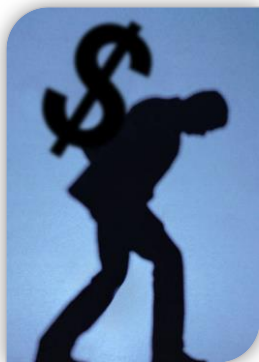


First, a poll:





Images of Debt



Images of Debt





Images of Debt



Images of Debt



Context: Debt in Society



The Millennial Generational

Born between 1979/80-2000

Givens: DEBT!

Former Markers of
adulthood delayed:

- Education
- Marriage
- Own a home
- Children





Some Reasons for Organizational Debt

- Construction for growth
- Sudden disaster
- Repairs & deferred maintenance
- Operating expenses
- Capital improvements



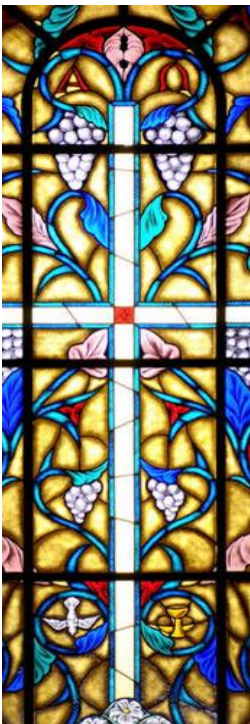
Questions to ask

- Impact on the church's ability to meet current operational needs?
- Need to cut back or restrict ministry resources in order to service the debt?
- Impact in any way on the church's ability or willingness to start new and relevant ministries?



Questions to ask

- Could the money spent go to new ministries that could inspire and encourage your church and possibly attract new families?
- **Theological question:** Mixed message being sent in how church is responding to debt and how the membership is challenged to view and manage personal debt?

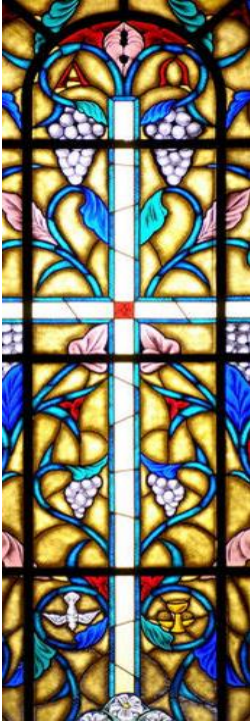


What Debt Can (& Can't) Do

Defining the territory

- When is it cheaper to borrow than to use equity?
- Debt: Not a tax break!
- Consider impact on your priorities





Debt and Your Budget

Defining the territory

- What percentage
- Debt as one of many fixed costs
- Consider impact on your priorities





Images of Mission



Images of Mission





Managing Debt

Your budget

- How much is available for debt service?
- No more than 25-30% of *operating income*



How has your parish responded to debt?

“If we only were _____ enough”

“We do our best but are weak in _____”

Long-term impact:

Shame/Loss of connection



Paying off Debt

Refinancing

- Shop your interest rate
- Persevere
- Small, local banks



Paying off Debt





Message: Connect to mission

Capital Campaign

- Focus on mission; not debt
- Make it fun; make it visible
- Involve as many as possible



Not an effective plan

“Please consider making a contribution of \$ __ to help us pay off our organization’s debt.”





Paying off Debt

Capital Campaign

- Bridge Fund
- Interim Fund
- Mission for Ministry Fund
- Fully Alive Fund



Message: Mission and Gratitude





Long Term Impact



Paying off Debt

Estate Planning

- Use cautiously
- For those raiding endowment to pay debt service
- Guarantee replenished funds with PG instruments





Paying off Debt

Bonds

- Also use cautiously
- Fixed rate for longer period
- Parishioners assumed to be main investors



View as Function of Mission

- Necessary part of growth?
- Cuts programs & staff?





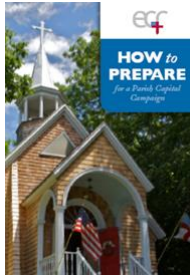
Make an Informed Choice



Debt Hole

- Have a clear plan for not getting back in the hole!





Capital Campaign Resources

www.episcopalfoundation.org/resource-library

- How to Prepare for a Capital Campaign
- “Follow Me,” a brief guide to campaigns
- Sample client materials
- Client list & related reading



Resources

A Great Day to Fundraise

by Tony Poderis & Joyce Braun Poderis





Questions?

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