

# Creating and managing a benevolence fund

How congregations can help people in financial need

*Carry each other's burdens, and in this way you will fulfill the law of Christ. – Galatians 6:2*

## Introduction

One of the most sensitive issues churches face is when and how to help those in financial need. At one time or another, all churches receive requests for financial assistance from church members, attendees or community residents.

As the body of Christ, congregations want to exemplify Jesus by lovingly and compassionately sharing their resources with others. As stewards of these resources, congregations also want to model Jesus' example of discerning what the real needs are, which may go beyond cash. People needing money may also need financial counseling or mentoring.

This guide is designed to help congregations start or update a benevolence fund policy so they can adequately respond to people in financial need. This guide also provides help on managing a fund wisely and responsibly.

## Administering your fund

An individual or a group can manage a benevolence fund, often depending on the size of the congregation. Here

are three of the most widely accepted management styles:

- **Individual:** The simplest way to administer a benevolence fund is for an elder, deacon or another designated person to be personally responsible to screen individual needs and discern an appropriate response. This person is empowered by the congregation to respond appropriately and confidentially to financial needs on behalf of the congregation within established guidelines.
- **Small group:** Two or three congregational leaders, typically elders or deacons, are involved in the process of discernment and response. The pastor may or may not be in this group.
- **Committee:** All congregation and community needs are referred to a committee apart from the pastor. This group of three to five people (often called the deacon board, congregational care committee or financial aid committee) is responsible to assess, process and respond to needs referred to them by anyone in the church community.

## Choosing fund administrators

Discerning who are the right individuals to administer the fund is one of

the most important functions of the congregation or its leadership team as they set up a benevolence fund. The administrator needs unique gifts of compassion and awareness, as well as resource management. Here are some of the gifts to look for in a potential fund administrator:

- Shows awareness and sensitivity concerning needs within the congregation.
- Maintains good, close relations with the congregation's leadership team, including the pastor.
- Exhibits characteristics of a deacon (see Titus 1:6-9 and Acts 6:3-4).
- Keeps personal information confidential.
- Manages their own financial assets and other resources well.
- Knows the community and its resources.
- Offers compassion and wisdom when responding to needs.

## Establishing guidelines for fund use

Congregations should strongly consider establishing guidelines for fund use. They help the fund managers discern needs and avoid problems, such as real or perceived favoritism and misuse of power. Guidelines can also minimize delays and red tape in processing



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needs. They can help churches recognize when accounting or legal issues are involved and when to seek appropriate counsel.

Developing and applying guidelines is most often left up to the benevolence fund committee with approval from the elders or the entire congregation. Guidelines do vary widely depending on size, location and socioeconomic makeup of the congregation. Here are some issues guidelines typically addressed:

- **Eligibility:** Indicate who is eligible for assistance. Must the person be part of the community of faith? Must they be church members? Are attenders eligible as well? Are members of the community eligible?
- **Confidentiality:** Establish confidentiality as a key requirement of all fund administrators or committee members. Fund administrators should treat all information about individuals' names and their needs with a high level of confidentiality.
- **Limits:** Set a maximum amount of money that can be given to one person for any given situation. Exemptions from the maximum amount should be approved by the church board.
- **Additional needs:** Many congregations find that people in financial need often need more than money. In fact, many benevolence fund administrators hesitate to give only money if the need is ongoing or chronic. Decide if other needs should be addressed beyond cash. Some people may need the fund administrators' encouragement and support to seek financial mentoring, budget counseling, financial planning classes or participation in a support group. Take advantage of consumer credit counseling services or solicit a business person in the congregation to mentor the person in need. Someone in the congregation may be able to bring a Christian stewardship perspective

and personal, caring attention to the situation that secular service can't provide.

- **Quick response:** Sometimes, people are in dire straits and need a quick response. Churches can establish a rapid turnaround process for urgent requests up to a previously established amount by a designated person, with requests over that limit needing the discernment and decision of a group or committee.
- **Needs assessment:** Consider requesting people in need to complete a needs assessment or financial disclosure statement before processing their needs (see attached sample of a needs assessment). This assessment may not be necessary in all cases, depending on how familiar fund managers or church leaders are with the person and situation.

## Financing the fund

Benevolence funds obviously need money in order to give it away. The fund needs seed money to get started and then a constant flow of cash to keep going. Sources vary depending on the congregation's size, structure and practices. Many benevolence funds depend on the goodwill of multiple sources rather than just one.

Here are some common sources to start and replenish a fund:

- A percentage of total church giving or line item in church spending plan.
- Special offering on designated occasions (for example, the fifth Sunday of the month, Good Friday or Thanksgiving).
- Offering during communion services.
- Love offerings when someone has a need.
- Special offerings whenever the fund is low.
- "A tap on the shoulder" request to people willing to contribute to the fund.

- Matching Sharing Fund grants from Everence or contributions from businesses and other agencies.
- Individual donations from previous beneficiaries.
- Endowment created with charitable gifts from members' estates.

## Creating accountability measures

Confidentiality matters most when responding to needs. However, openness matters most in overall fund administration. Fund administrators are stewards of the contributions entrusted to them. Every benevolence fund should have standards of accountability to assure funds are disbursed in an appropriate and sound fashion.

First, one person or group should not control the handling of fund assets. The church treasurer (who should not be on the benevolence fund committee) should handle all contributions to and disbursements from the fund.

The fund also needs general oversight from the broader church community. An annual report to the congregation on the number of beneficiaries and monies dispersed is highly recommended. A more detailed report may be appropriate for the church council, elders or deacon board.

## Conclusion

The information in this resource is general, so congregations should adapt and customize a benevolence fund and its management to suit their culture and needs.

Whatever model is adopted, it should be presented and, likely, approved by the entire congregation. Informed and involved congregations offer heightened goodwill and support for the fund. They are also more likely to be generous givers to the benevolence fund's ongoing ministry to people in need.

# Confidential needs assessment

Date \_\_\_\_\_

Name \_\_\_\_\_

Spouse \_\_\_\_\_

Address \_\_\_\_\_  
Street City State ZIP code

Telephone ( \_\_\_\_\_ ) \_\_\_\_\_

Dependents (with ages) \_\_\_\_\_

Describe the nature and urgency of your needs \_\_\_\_\_

Place of employment \_\_\_\_\_

Work phone ( \_\_\_\_\_ ) \_\_\_\_\_

May we call you at work?  Yes  No

Weekly income \$ \_\_\_\_\_

Other income \$ \_\_\_\_\_

Personal resources: Checking account \$ \_\_\_\_\_

Savings account \$ \_\_\_\_\_

Extended family's resources \$ \_\_\_\_\_

Other \$ \_\_\_\_\_

Financial obligations (describe below)

Rent/mortgage \_\_\_\_\_

\$ \_\_\_\_\_

Utilities \_\_\_\_\_

\$ \_\_\_\_\_

Credit cards \_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

Loans \_\_\_\_\_

\$ \_\_\_\_\_

Other \_\_\_\_\_

\$ \_\_\_\_\_

\_\_\_\_\_

\$ \_\_\_\_\_

Total

\$ \_\_\_\_\_