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Planned Giving News

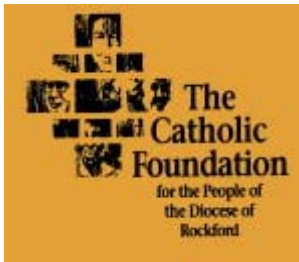
Catholic Diocese of Rockford

July 2008



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**From Greg Urban,
Diocesan Director of
Planned Giving**



Dear Greg :

We seem to now be in the "dog days of summer." I pray that you have or will be taking at least a short respite to prepare yourselves for the busyness of the upcoming fall (aka school) season.

This month I have included several articles from

There is Only One True Supplier

Nineteenth century American industrialist Andrew Carnegie not only made a fortune, he gave much of it away, and he credited his success to insight and hard work. "The average person puts only 25 percent of his energy and ability into his work. The world takes off its hat to those who put in more than 50 percent of their capacity, and stands on its head for those few and far between souls who devote 100 percent." When asked the nature of his success, the co-founder of Holiday Inns, Kemmons Wilson, wryly noted, "I make it a point to put in a good half day of work every day. Sometimes it's the first twelve hours, sometimes it's the second." Movie producer Samuel Goldwyn was fond of saying, "The harder I work, the luckier I get." Thomas Edison poetically explained the importance of hard work this way: "His genius he was quite content in one brief sentence to define: Of inspiration one percent, of perspiration, ninety-nine."

Hard work does help define the most successful among us. Comedian Mike Myers has wisely suggested that the single greatest difference between him and his funnier friends was his unwillingness to quit. He stayed the course, developing material long after his friends had given up comedy for something else. What we often forget, though, is the set of contributions made by the Master Architect in each of our lives. An industrious farmer understands the relationship between hard work and God's provision all too well. In Psalm 65, David stated it clearly: "You visit the earth and water it, make it abundantly fertile. God's stream is filled with water; with it you supply the world with grain. With showers you keep the ground soft, blessing its young sprouts." And, in the Sermon on the Mount, Jesus reminded us that God's blessing extends to those who acknowledge him as God, but also to those who choose not to: "He makes his sun rise on the bad and the good, and causes rain to fall on the just and the unjust."

A good mind is a gift from God. So are two good hands. So is vision. And so is the blessing of having been born at a time and in a place that not only rewards hard work but provides ample opportunity to pursue innumerable possibilities for success of all kinds. Sure, success-and that includes financial success-comes to those willing to work for it. God, though, is the one who opens doors, for he is the one who designed the original templates, created the initial blueprints, and formed the building blocks of all that is. The wise recognize his contributions and are suitably humble. The work of the Lord is all-encompassing and always a blessing to those who acknowledge him.

This article is reprinted courtesy of the Catholic Diocese of Baton Rouge.

Bulletin Blurbs

cooperative newsletters I receive. One talks about God's gifts and the other asks us to reflect on our willingness to accept risk in order to receive rewards. I hope you enjoy them.

Here are "estimates" of the Foundation results for the Fiscal Year Ending June 30, 2008. As you may know, the market took a tumble just prior to the close. The CF Balanced Fund closed with a loss of approximately 1.3%, The Growth Fund with a loss of approximately 6.0%, the Income Fund with a gain of approximately 9.7%, and the UIF Fund with a loss of approximately 0.5%. While these results don't seem very good, as a comparison for the same period, the S&P 500 Index closed down 13.1% and the Fixed Income benchmark closed with a gain of 7.1%. Therefore, as you can see, by comparison we did very well!

P.S. Remember to place the enclosed "blurbs" in your bulletins or newsletters!

Keep planting seeds!

Ministry Quicklinks

[Rockford Stewardship web](#)
[Catholic Foundation web](#)

The following messages can be appropriately inserted into your weekly bulletin:

BE A GOOD STEWARD

Consider your Christian responsibility to yourself, your family, and to God to be a wise steward of the gifts God has given you. How will your gifts (assets) be passed on to those you love and care for when you die? Planning now will help those we love live peacefully in the future. Call Deacon Greg Urban at The Catholic Foundation at 815-399-4300 to find out how you can pass on your love to your family. We at (insert parish name) through our diocesan stewardship help employ Deacon Greg to serve us in the area of planned giving. Take advantage of this great service.

PASS ON YOUR CATHOLIC HERITAGE

What do bequests, life insurance gifts, charitable gift annuities, charitable remainder trusts, life estate arrangements, and life time giving have in common? They're ways you can pass on Your Catholic Heritage, Faith, and Love for (insert parish name). Give Deacon Greg Urban a call at our Catholic Foundation at 815-399-4300 to learn more. Deacon Greg is employed by the diocese, through your generous diocesan stewardship, to serve you and help the parish endow our future.

YOUR EMPLOYER MAY HELP

Your employer may help you pass on Our Catholic Heritage. Many companies will match gifts made to endowments. That means your gift may be worth more than you think. Ask your employer if they have a matching gift program.

Charitable Gift Annuities

If you know someone who is interested in giving a gift to your parish or school, but indicate to you that they can't do without the current income from their savings to live on, you might ask them to consider a Charitable Gift Annuity (CGA) offered by the Catholic Foundation. CGAs regularly pay you a fixed amount of money for the rest of your life. The payout rate, which is based upon the donor's age when payments begin, is often much higher than offered by a bank CD. And payments on our CGAs are guaranteed by the Catholic Foundation and the Diocese. CGAs also offer donors an immediate and continuing tax deduction. The face amount of the CGA (the gift) is invested in the Catholic Foundation. Lifetime payments come from both the policy earnings and a portion of the original gift. When the donor passes to eternal life, what is left in the annuity is distributed to your parish or school. This can truly be a win-win situation. The donor wins with a lifetime income stream and your parish wins with the eventual gift.

If a prospective donor would like a no obligation written proposal, please have them contact me. Better yet, they can visit our web site and use the available [Planned Giving Calculator](#) for an instant estimate.

Risk, Return & the Market

This has been a particularly difficult year in the stock market. I won't dwell on details since anyone can speculate on any number of reasons for the current turmoil. Suffice it to say, there will be periods of market instability. I have included below excerpts from an article I recently received about risk. How much risk can you tolerate?

William Sharpe tells us that if we want to achieve higher expected returns, we must be able to both emotionally and financially be able to withstand the increased volatility that inevitably comes with higher expected returns. Risk is the source of returns.

Sharpe's Nobel Prize winning research was his 1964 Capital Asset Pricing Model (CAPM) in which he broke down a portfolio's risk into systematic or nonspecific risk and nonsystematic or specific risk. Systematic risk refers to the risks of the entire market as opposed to the risks specific to one stock. These market-wide risks are tied to large scale risks like the risk of capitalism being a viable economic social system. Other risks not specific to one stock include war, recession, inflation, and government policies. If you invested in the stock market, you cannot diversify away systematic risk. It is, in fact, the risk of investing in the market system.

Nonsystematic risk refers to those risks that are specific to individual companies. Examples include lawsuits, fraud, competition and other unique circumstances related to a company. The important fact for investors to understand is that there is no added expected return for nonsystematic risk above the expected return for systematic risk. This is a very big idea that essentially says that all stocks have an expected return that is the same as the market or a market index fund return. However, those stocks have more uncertainty of the expected return.

The incremental risk of one stock (nonsystematic risk) is unrewarded risk, and therefore should be avoided by investors. However, the systematic risk of capitalism is essentially the market risk and has earned an annualized return of about 10% per year for 80 years. But, in periods of less than 10 years, the annualized returns can be very volatile and uncertain. In periods longer than 20 years, the annualized returns of each period are far more consistent than one to five-year periods.

The Trade-offs between Risk and Return

Risk and return are inseparable. This means that investors must often face bedeviling trade-offs between risk and return. There's no way around these decisions, since they're required in order to build portfolios. For example, sometimes investors look at short-term CD rates. They like the certainty and stability of CD returns, but they feel they need to obtain higher returns. So, these investors turn to stocks. But, when they focus on the years of negative returns, they become uncomfortable because of their aversion to losses.

The result of all this is the "eat well/sleep well dilemma." That is, if investors want to eat well and earn higher returns with stocks, they need to be prepared to take more risk and go through the volatile roller coaster ride of fluctuations in the value of their portfolio. But if they want to sleep well, they must take less risk; that is invest in fixed-income investments such as bonds, and accept that they'll earn lower returns. Thus, the price of obtaining greater long-term accumulation of wealth with stocks is frightening fluctuations in the value of a portfolio. There really is no free lunch in investing.

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