

The Stewardship

JOURNAL

June 14, 2021

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Executive Director**

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From the Desk of Our Executive Director

As Southern Baptists gather this week in Nashville, please keep the entire convention in your prayers. My prayer is that we will leave more committed to The Great Commission than ever. For those going to Nashville, I hope to see you there!

Welcome to another edition of *The Stewardship Journal*. The focus of the last few Journals has revolved around debt. From time to time, our team reaches out to pastors across the state to get their views on topics related to giving. In this edition, we once again reached out to MBC pastors asking their views about debt and how best to pay off debt. We think you'll enjoy our lead post entitled, ***Missouri Baptist Pastors Speak Up and About Debt.***

Here is a preview of what you can expect in the pages that follow:

Continuing with his series on financing your vision, Mark Brooks, The Stewardship Coach, writes a post entitled, ***Managing and Paying Off Your Mortgage.*** This is a very practical post giving excellent advice from a bank president on what the future of borrowing looks like.

This week's **Bonus Section** picks up on the theme of paying off a mortgage with advice on paying off loans. You'll find an easy step-by-step overview of how a church can eliminate a small debt with a special offering. This is the kind of practical advice we want to provide MBC churches.

The **Missions and Ministry** section gives you a way to set up your Father's Day offering. Helping your members connect how giving impacts missions and ministry is one of the best ways to increase giving at your church.

Remember, if you know of someone that would like to receive the *Journal*, please send them this link for easy signup <https://mobaptist.org/stewardship/stewardship-journal/>.

As always, let us know how this Journal can better help you and your church increase stewards and stewardship.

Advancing the Gospel!



Dr. John Yeats

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Missouri Pastors Speak Up and About Debt

What do you think? In our last two issues of *The Stewardship Journal*, we dealt with the topic of debt. From time to time, we like to get the perspective of Missouri Baptist pastors on this subject. We reached out to several pastors, asking how their church views debt, whether they had debt, and their repayment strategy.

We started by asking, What is your church's view on debt? The responses are as interesting as they are different.

Dr. Buddy Perstroppe of First St. Charles said, "Our church borrowed money when we built the existing worship center. When that was paid off, we again went into debt to purchase an adjoining building used by our Student Ministry and our food distribution ministry called Connect Ministry."

Pastor Matt Culbertson of Faith Festus had this to say, "I would love to not have any debt; however, I don't see how that is totally possible when in a growing situation. I believe good stewardship, saving for capital and other needs, combined with manageable debt, is the way to teach our people how to trust God's provision and to give generously. I see manageable debt as a ministry expense to stay ahead of the growth curve."

Ryan Palmer, Sr., Pastor of South Haven in Springfield, said, "Our church has had debt at times in the past for major building campaigns but has had no debt for nearly 20 years. We did our last renovation campaign (2016) debt-free and now have money in the bank. Praise the Lord!"

Pastor Scott Gilbert of Frederick Boulevard in Saint Joseph gave a much different view when he stated, "Frederick Boulevard has a long-standing position of not taking on debt. We have operated under the conviction that we would not take on a loan for any building projects but would raise the necessary funds through the generous and sacrificial giving of the congregation. By God's grace, we have been able to build our current facility entirely debt-free. As a result, we have not been encumbered by the challenges of paying off a loan while at the same time trying to accomplish ministry and mission."

Greg Fine, Pastor of First Higginsville, said, "Our church is currently debt-free. Our preference would be to not incur debt, but the construction cost almost necessitates some incurring of debt. About 12 years ago, we began a capital campaign to raise funds to build an addition to the church. We had received some estate money that the church had just been praying through and eventually felt led to add a multi-purpose building to our facilities. The capital campaign did not raise as much as we had hoped, but we took a construction loan and broke ground."

Interviewing a few pastors around the state gives only a partial picture, but it does show how wide and different churches' views are when it comes to debt. We also wanted to know what strategies churches used to pay off their loans. Here, again, are a few of the responses we received.

Pastor Mitchell Jackson of Miner Baptist in Sikeston said, "We have no debt. When we did, we ran a campaign during the building phase and then made it a line item in the budget. Any surplus each month also went toward the debt."

Buddy Perstroppe replied, "Last Fall, we had a major "in-house" push to pay off all of our debt. We set a goal to be debt-free by Easter 2021. Our people gave generously, and we matched the gifts with money from our Legacy Fund. We had all the debt paid off by Dec. 31, 2020. Our people were very excited to get out of debt! Our senior adults were the best givers and the most excited to be out of debt."

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Missouri Pastors Speak Up and About Debt

Two pastors gave us a more thorough rundown of how their churches approached building and managing their debt. Here are the responses from Pastors Greg Fine and Matt Culbertson.

Greg Fine gave us this reply, showing more than one way to build and pay off a building. Greg said, "We broke ground on our new facility in the month of August. In September of that year, the market crashed, and our investment of the estate money lost about \$100,000. So, we ended up building the shell of the building, and then we made our monthly payments on the loan, and with the extra contributions, we continued the work on the building.

"We paid off our loan, and then all contributions were applied to the ongoing construction. It took about 8-9 years to complete the main floor and another two years to complete the basement. We opened our new children's wing in the basement of our new addition in the fall of 2019. That is a very, very long time to be working on a building. I am not sure I would recommend that approach to anyone. But God has been faithful, and we were able, at a very slow pace, to finish the building and are debt-free. We did not budget funds for repaying the loan. We used contributions from our capital campaign to cover the loan payments and construction costs."

Matt Culbertson gave this reply on how Faith Baptist in Festus is approaching paying off their debt. He said, "We just completed a remodel and expansion of our facilities that was much needed. We financed a debt of 2.4 million dollars. Our interest rate is an ARM with 4.5% for five years and a max increase of 1.25% in any given year capped at 7.00%.

"The history of our church is to pay off loans in approximately 10 years. We fund capital expense and debt by both a budget line and giving above our regular giving. We did a three-year campaign that ended last year; however, we encouraged those giving to the designated building fund to continue giving to debt retirement, and 85% have continued.

"On an annual basis, we encourage folks to give toward debt retirement and introduce this to new members in our Membership process. Our budget line is around 10% of our total budget going to debt. Our loan payment is a little over 20% of our total budget. The budget line and the giving right now are above our required payment, so we can pay down principle a little each month, which really adds up over time. My recommendation to any church going into debt is to make sure you can make your payment plus some to principle. This allows you to survive months when maybe giving is a little off."

Thanks, pastors, for your input on this crucial topic!

The Stewardship Journal staff appreciates the input of our state pastors. Your views, comments, and experiences will make our Journal a more effective tool for helping churches increase giving. If you would like to be on our contact list, email Rob Phillips at rphillips@mobaptist.org.

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Current Events and Relevant Thoughts From:

The Stewardship Coach

Mark Brooks

Managing and Paying Off Your Mortgage



"We are paying 7.75% interest on our loan." That was the answer a staff member gave me at a top 100 church a few years back. At the time, I was seeing clients refinance loans for under 4%. At nearly 8%, this church was paying thousands of extra dollars a month that could have gone for missions and ministry. The church pastor reassigned that staff member and then refinanced their loan for just above 4% saving them thousands of dollars. They are now close to paying off their debt completely.

12/24/30. Plan out and execute the next 12 months. Think long-range, 24 months out. Land at 2030 financially secure with little or no debt. That is my focus for you. To help you achieve this, last week I started a brief series on financing your vision. I am not debt adverse, but I do believe we must build now what we need for the next decade and pay it off as quickly as possible. As I continue to share with you about financing your vision, I've entitled this edition of The Coach, ***Managing and Paying Off Your Mortgage.***

What is your interest rate? I ask that question because, in my experience, many churches acquire a loan and then never think about refinancing that loan. To me, this is poor stewardship. I reached out to an experienced bank veteran for his views on refinancing and debt.

Dwight Erdbruegger is the President of Cass National Bank (<https://www.cassbank.com/>). Cass Bank is the parent company of my online partner <https://gyve.com/>. Dwight has over 30 years of banking experience. I asked Dwight this question, **Is now a good time to consider refinancing?** Here is Dwight's reply:

"Interest rates are still near a record low, although they are up from the low point in this cycle. A well-qualified borrower could expect the bank to add a credit risk spread of 2.5% to 2.75% on a real estate transaction resulting in a 10-year fixed rate of 4.1% to 4.35%. So, yes, now is still a good time to consider refinancing."

If I were you, my next question would be, **How much lower of a percentage is worth refinancing for?** Here again, is Dwight's reply:

"To answer this question, you must first determine the cost to refinance. There might be pre-payment penalties due, new appraisal fees, mortgage filing fees, lender upfront fees, etc. Compare this cost to the interest saving over the remaining years of the note. There is no fast and easy way to determine this since the size of the loan and the remaining years on the note are specific to individual circumstances. However, if your current rate starts with a "5" and you have at least 2 years remaining on the note, you should do a more detailed analysis."

The final question I asked Dwight was, **What would be your recommendation to churches considering refinancing?**

"I would recommend taking a serious look at your current term and interest rate. If a church could significantly extend the note's term, even if the rate does not change or only marginally is reduced, serious consideration is warranted."

It might be good stewardship to think about refinancing your note.

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Managing and Paying Off Your Mortgage

I am being asked another question: **Should you pay your debt off with a capital campaign or pay it off through your operating budget?**

My answer to this question changed as a result of The Great Recession. Before then, I would have counseled you to keep debt repayment separate from your budget and pay it off with capital campaigns. What has changed my counsel on this is that many banks are now requiring a church to do both: have the debt as a line item in the budget *and* have a capital campaign as well. On top of this, many banks are requiring churches to hold funds in reserve. So, I recommend a both/and approach. A few years ago, I came up with...

The Rule of Thumb on Debt Reduction - While it is difficult to give set-in-stone advice since every church situation is different, I have some basic rules of thumb as I counsel clients on debt reduction. These three broad rules can guide you if all you are raising funds for is the payoff of your loan and nothing else. If the debt load is...

1. **Less than 20% of your annual operating budget, then pay it all out with a line item in the budget or pay it off with a quick mini campaign.** Remember, this is simply a rule of thumb. It might be that that amount of funds put into your budget could create more stress than you would like. I recommend easing into a debt line item over time rather than simply cold turkey adding thousands of dollars to your monthly budgetary needs.
2. **More than 20% but less than 50% of your annual operating budget, put it as a line item in the budget, and run a small campaign to address the debt.** Our advice here reflects first the demands of banks to want to see a church aggressively addressing their debt. Also, our advice is that if the amount is smaller, then a small campaign can address the debt. We typically utilize this rule of thumb if the debt can be repaid in twelve to eighteen months. For help getting started, see my site at: <https://acts17generosity.com/memberships/platinum/>.
3. **Greater than 50% of your operating budget consider a full three-year campaign to wipe the debt load out completely.** A capital campaign will increase the amount of revenue you bring in and relieve the pressure of putting all of the debt into the budget. I advise our clients at the front end to tell donors that the plan to pay for the project entails multiple campaigns. I have one client who is on his fourth consecutive three-year campaign and will have another after this! Capital campaigns allow you to raise more money, meet loan requirements easier and pay off the loan faster. I would still recommend that a line item be placed in your budget to help position you better with banks and help pay off the debt faster.

These basic rules of thumb can help you think through your current debt issues. Why is paying off debt important?

The average church by 2030 will be seeing March 2020 type of giving levels as their new norm. Let's put together a plan to get you debt-free *and* equipped for future capital needs because who wants to be an average church in 2030?



Mark Brooks – The Stewardship Coach
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Head off the summer slump in giving with my newly released playbook, *The 15 Offerings of Summer: How to Reverse the Summer Slump in 60 Seconds*. You can find it at <https://acts17generosity.com/store/>.

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Bonus Material

The Rule of Thumb for Full Capital Campaign Dollars – Larger amounts take longer campaigns. Below is a plan for a small offering campaign for eliminating debt in a short time of 3 months or less.

- If your need is more than one times your annual operating budget, you need to consider a full-fledged capital campaign. Think two to three years.
- If your need is around half your annual operating budget, you "might" be able to hold a short capital campaign to raise that amount. Think 12 to 18 months.
- If your need is 10% to 30% of your annual operating budget, you can do that quickly. Think 3 to 6 months.
- If your need is around 10%, you can do that in a one-time offering. Think 1 to 3 months.

A Suggested Plan of Action for a Small Offering – The larger the amount needed, the longer the time required.

- **At least one month out, craft the vision** - The more compelling the vision, the more you will raise! Check out the May 31st edition for a great sample of how one church cast a vision for debt reduction.
- **Meet three weeks out with your leadership.** Like it or not, this group will be the make or break of a successful offering. Never announce from the platform something you have not first shared with your leaders. Tell them what you are proposing and why it is so important to *now* pay the debt off!
- **Two Sundays from the offering, announce from the platform.** A short heads-up announcement paves the way for all that follows. Creatively tell the story behind this offering across *all* your platforms.
- **Two weeks from the offering, start showing the ministry impact of the area of need via social media.** Show your story! Help them see what their dollars have accomplished.
- **One week out, start a more direct appeal through social media.** Set it up through your online platform.
- **Send direct mail appeals the week before.** Always include a postage-paid, self-addressed envelope with every snail mail appeal. You want to make it easy for people to give. Snail mail still works. Use it!
- **Use email blasts before and after text message appeals.** Don't blast them to death, but well-placed and well-written texts and appeals in this digital age are very effective.
- **Take up the offering with boldness!** Don't work hard to get to the goal line only to fumble the ball at the one-yard line. Tell people why this is important, and then ask them to step up and give.
- **Thank those that gave and give an update on the offering and its impact.** Showing thanks and gratitude paves the way for the next "ask."

Plan it out and work it through is the key! The greater the planning you put into your special offering, the greater your chance for success. The best plan in the world is worthless if you don't put it to work and put work into it.

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Missions and Ministry Moment: Setting Up Your Offering

Every week we provide what are called *offering talks*. We have found that the easiest way to see an increase in giving is to improve how you approach the offering time. Instead of telling people they don't have to give, we like to show them what giving to a church accomplishes. By showing people your mission and ministry focus, you create a desire in your attendees to *want* to give to support that life change. That's why we call them Missions and Ministry Moments.

You can read them exactly how we write them or use them as idea starters for how the message would fit your culture and context. Our goal is to develop lifetime stewards, but we must get the first gift to begin them on the journey. Here is this week's offering talk.

The following Missions and Ministry Moment is the 4th of the 15 offerings of the 2021 Summer.

Father's Day Gifts

Today is Father's Day! Thank God for fathers! Some of you have fathers still living, and others of you, your father has gone. Yet living or passed, we celebrate their lives today.

What gifts do we get for our fathers? Traditionally, it has been ties. Given the pandemic, I am not sure if anyone wears ties anymore. This might account for the fact that it is projected that 2.2 billion dollars of the 12 billion dollars spent this Father's Day will be gift cards.¹ I'm not sure a gift card requires much thought but apparently, that is the top way to show our love to our fathers.

How much love do you show for your heavenly Father when it comes to the offering? As I ask that question, I am not trying to lay a guilt trip upon you. I simply want you to think about whether your gift is a thoughtful gift or just something you throw in the plate or basket. We need to realize that the offering is when we show our heavenly Father the same honor we are giving our earthly fathers today.

In the Living Bible, Proverbs 3:9 says, "**Honor the Lord by giving him the first part of all your income, and he will fill your barns...**" What we give shows whether or not we truly honor God. Just as we pause today to give honor and tribute to our earthly fathers with a gift, let's pause and give our heavenly Father a gift with the first part of our incomes.

We give you multiple ways to give so, find your best option. We greatly appreciate your generosity which makes all that we do possible. Thank you!

1. <https://muchneeded.com/fathers-day-statistics/>
