



WINTER 2011

CORNERSTONE

Notes

## Investing & insurance

### *Does FDIC protection trump return and mission?*

**W**hen deciding where to invest money, both individuals and organizations must consider a variety of factors: the availability or liquidity required, the desired return on investment, the length of time the funds will be invested, and the relative safety of the investment, among other considerations.

For permanent funds like endowments, investment primarily in a mix of stocks and bonds remains the wisest choice to ensure the endowment has an opportunity to grow over the long term – despite the fact that such investments are not guaranteed or insured. Most money market accounts at investment firms are similarly uninsured by the Federal Deposit Insurance Corporation (FDIC).

Bank checking, savings and certificate of deposit accounts, however, *are* protected by the FDIC up to \$250,000 per account. For many people, that coverage offers a sense of safety that's hard to beat. But bank savings and investment accounts offer some of the lowest returns in the financial markets. That investment protection comes at a cost.

Many of the Cornerstone Fund's investors choose Cornerstone because our rates exceed those at their local bank. The Cornerstone Fund had always sought to pay highly competitive rates of interest – and on average, Cornerstone rates have consistently matched the top rates in the country for similar terms.

Other investors choose the Cornerstone Fund because they appreciate that their money is helping strengthen the ministries of UCC churches around the country. Working much like a bank, the Cornerstone Fund puts investors' money to work funding loans to qualified UCC churches seeking to expand their facilities and their mission.

To protect investors, the Cornerstone Fund takes great care in making lending decisions. First, we make sure borrowing churches can repay their loans – we've never gone in for sub-prime lending! In addition, every Cornerstone Fund loan is secured by the church's real estate – and the loan amount cannot exceed 50% of the value of the property. We also ask each borrowing church to seek the endorsement of their Conference, ensuring our borrowers are committed to their

covenantal relationship with the United Church of Christ.

Thanks to our careful lending guidelines, the Cornerstone Fund has never foreclosed on a loan. We're proud of our record of offering great rates on investments that in turn strengthen local churches and expand the mission and ministry of the United Church of Christ. If you'd like to learn more, give us a call or visit us online.



# Church Builder Bonus gives back



**Gordon Gilles**  
President

We're always delighted when UCC members and churches tell us how the Cornerstone Fund has helped to strengthen their ministries. When we launched the Church Builder Bonus investment last November, we knew many would want to take advantage of this opportunity to give back to those ministries. We're proud to report that as of January 31, we've received nearly \$900,000 in investments, with our generous investors contributing a total of \$94,551 to four conferences, two seminaries, 28 local churches, and eight other ministries including Neighbors in Need, The Christmas Fund and Back Bay Mission.

The Church Builder Bonus offers a 1.5% interest rate bonus on a five-year investment of \$10,000 or more, when the investor designates at least 10% of the

investment as a gift to any UCC ministry. The Church Builder Bonus gives churches and their members a great way to enhance funding – without doing anything much out of their ordinary course of business.

This issue of Cornerstone Notes focuses on several ways to improve return on investment and church funding. And we're always glad to talk about your particular situation. If your church has a fixed rate loan with the Cornerstone Fund, remember that you are also eligible for an interest rate rebate – in January, we sent out over \$41,000 in rebate checks!

If you'd like more information on our investment options, or if you want to discover ways we can serve you more effectively, just give us a call.

*Blessings,*

## BUILDING STRONGER CHURCHES

# A new investment preview & more

At the Cornerstone Fund, we're always evaluating ways to help our investors earn more from their investments. Our Demand Account pays a higher rate of interest than most savings and money market accounts. In the fall of 2010, we introduced the Church Builder Bonus that offers a 1.5% interest rate bonus on our five-year investment rate.

Beginning this spring, we'll offer The Interest Rate Step-Up, an investment that permits an investor to adjust their interest rate one time during the term of their investment. Let's say you made an 18-month investment at the rate of 1.625% – but eight months later, the rate on the 18-month note had risen to 2.000%. With The Interest Rate Step-Up, you can request a one-time rate increase to the 2.000% rate, which would be paid on your

investment for the remainder of the original term. The Interest Rate Step-Up option will be available on all fixed-rate investments of 12 months or more, excluding the Church Builder Bonus. Keep an eye out for the official launch!

### **CORNERSTONE GIVES \$102,900 TO OCWM**

Unlike most UCC ministries, the Cornerstone Fund is self-funded – our operating expenses are covered by the interest paid on loans. But we take seriously our covenantal relationship with the denomination, so we make an annual gift to OCWM. Since our first contribution of \$44,000 in 2003, we've given over \$359,000, including our board of directors' recently approved gift of \$102,900 for 2010. We are proud to serve the UCC – its members, its churches, and the ministries funded by OCWM.



# Sweeps & ladders

*Earn more on money that's ready when you need it*

In a challenging economic environment, individuals *and* organizations are all looking to squeeze a little more money out of the money they have – but banks aren't offering very attractive options. The Cornerstone Fund, however, can help – and even make it easy!

## The Demand Account

One of the Cornerstone Fund's best-kept secrets, our Demand Account works very much like a savings or money market account – but with better rates and no fees! Instead of writing a check, an investor can simply send a withdrawal request by email and we'll deposit their funds directly into the hometown bank account on record.

In corporate banking, large organizations often arrange *sweep accounts* that permit the bank to “sweep” extra money out of the account each night into an overnight investment to increase the yield on funds. The Cornerstone Fund can offer a similar option to churches with a simple email request and a free electronic

funds transfer (direct deposit or EFT). A withdrawal request received by noon on a UCC business day will be processed the same day.

## Laddering investments

An investment ladder spreads funds across a variety of maturity dates, giving the investor the ability to take advantage of market movements without sacrificing liquidity. Suppose your church maintained a \$15,000 reserve fund. An appropriate ladder might have \$5,000 invested for six months, \$5,000 for 12 months, and \$5,000 for 18 months. Assuming the reserve isn't needed when the 6 month investment matures, the church can reinvest the funds for 18 months, repeating the process when the 12- and 18-month investments mature so that funds are maturing every six months, but earning the typically higher rates offered on longer-term investments. Such a ladder would provide an initial average investment yield similar to a 12-month investment. And after one year, with the rollover of the six- and 12-month investments), the average yield would be equivalent to an 18-month rate, with funds maturing every six months.

Laddering offers investors both liquidity and the highest possible yield without requiring a lot of guesswork about market trends. The length of the ladder can also be adjusted to respond to changing rate environments or to meet liquidity needs.

Want to learn more about increasing yield with Cornerstone Fund investments? Call us today for details..

This is not an offer to sell our securities to you, and we are not soliciting you to buy our securities. We will sell our securities only in states where authorized. The offering is made solely by our Offering Circular, which may be obtained by calling us at (888) 822-3863. Our securities are not insured by the FDIC or any other state or federally regulated institution. Rates may change without notice.



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for tips, updates & more

Stay up-to-date on information from the Cornerstone Fund. Subscribe to any or all of our email updates —

### RATES

A weekly email directly alerting you to the most recent rates on both investments and loans.

### CHURCH MANAGEMENT

A brief monthly article to help pastors, church officers and other leaders navigate a range of church management challenges, from budgets and finance to policies and risk management.

### EDUCATIONAL EVENTS

An occasional email with information on new Cornerstone Fund programs, webinars and more.

### E-NEWSLETTER

Receive our quarterly newsletter, *Cornerstone Notes*, by email. The same useful news, delivered right to your inbox.

[cornerstonefund.org](http://cornerstonefund.org)



## Investment Rates

	Interest Rate	Annual Yield (APY)
<b>Demand Account</b>	0.750%	0.751%
<b>Term Investments</b>		
6 months	1.125%	1.128%
12 months	1.375%	1.380%
18 months	1.625%	1.632%
30 months	1.875%	1.884%
60 months	3.000%	3.022%
<b>Church Builder Bonus</b>	4.500%	4.551%

Rates are current as of February 16, 2011 and are subject to change without notice. See website for special requirements to earn Church Builder Bonus rate. Please see our notice at the bottom of page 3.

## Loan Rates

	Margin & Index	Rate Caps	Current Rate
<b>Adjustable Rate (No Balloon)</b>			
1 year	3.00% US Treasuries	2% / 6%	5.500%
3 years	3.25% US Treasuries	2% / 6%	6.250%
<b>Fixed Rate (Balloon)</b>			
5 years			6.875%
<b>Revolving Line of Credit</b>			
Adjustable			4.875%

All loans are available with payment terms of 5 to 30 years. The interest rate on a Cornerstone Fund loan is set at the time of loan approval and is guaranteed for 60 days. Rates as of February 16, 2011.



Contact us at the  
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*Investing from the heart. Building for the future.™*



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