



LIFEWISE INTEREST SHARING PROGRAM

Market improvements for savings interest rates have presented an opportunity to move central funding into no risk money market accounts earning interest. As a result, the LifeWise Board of Directors has recommended and approved a new Interest Sharing program for all programs meeting minimum fund balance requirements. **Beginning July 2023 LifeWise Programs meeting minimum fund balances will earn interest on their fund balance.**

Details

Programs will earn interest based on the amount of money in their fund and the current money market interest rate.

- ◆ Programs with an average of at least \$50,000 between the prior and current quarter will earn 50% of the current interest rate
- ◆ Programs with an average of at least \$100,000 between the prior and current quarter will earn 75% of the current interest rate
- ◆ See examples provided below:

	Program Fund A	Program Fund B
Prior Qtr Ending Fund Balance	\$ 50,000.00	\$ 100,000.00
Current Qtr Ending Fund Balance	\$ 60,000.00	\$ 125,000.00
Average Qtr Fund Balance	\$ 55,000.00	\$ 112,500.00
Annualized MMA (Savings) Interest Rate for Qtr	3.00%	3.00%
Annual to Quarterly Calc (div by 4)	0.75%	0.75%
Fund Balance Shared Rate	50%	75%
Quarterly Shared Interest Rate	0.375%	0.5625%
Amount to be transferred to the program fund	\$206.25	\$632.81

FAQs

Q: How and when will this interest be distributed into our fund?

A: Journal entries will be completed at the end of each quarter to move the interest earned to your program fund.

Q: Where will I see this on my financial report?

A: Interest will be credited to the 4490 Interest Income budget category on quarterly reports.

Q: What is the interest rate?

A: The interest rate will vary quarter to quarter and will not be known until the quarter ends. As of May 2023, the interest rate is just north of 3%. Of course, rates are always subject to change.

Q: Is there a higher tier for even larger fund balances?

A: It's very possible that your program may be the beneficiary of a legacy gift or large donation that would be meaningful to invest. As a result, programs that reach the minimum required amount to locally oversee a donor advised fund will be given the option to:

- ◆ Retain at least \$100,000 in operating funds
- ◆ Transfer \$350,000 into a LifeWise sub account with National Christian Foundation as a separately managed account / donor advised fund
 - ◇ \$300,000 is required to maintain donor advised status - \$350,000 transferred allows for any immediate market fluctuation
- ◆ Name one local individual on the account to oversee investment direction as a secondary user on the account (within the existing guardrail framework established between LW and NCF)
- ◆ Conduct 1 transaction per quarter between NCF and LW Operating Accounts