



Uniting Church in Australia  
SYNOD OF VICTORIA AND TASMANIA

# Fewer Headaches for Congregations



## MORE MONEY FOR MISSION

God calls us to be wise and generous stewards of the resources with which we have been blessed.

The UCA Vic Tas now provides a new opportunity for congregations to more fully live into this calling by transitioning real estate assets into shares in an ethical fund.

## More money and time for Mission

## A NEW APPROACH

### Easier than ever

Many congregations have underutilised real estate assets such as land on the church site excess to need and / or residential properties once utilised as a manse for ministers but now rented on the open market. The rental returns from these assets are generally modest; well below the cashflow that could be achieved through other means.

Congregations also have the responsibility and cost of maintaining these properties. Congregations are invited to consider an alternative way to ensure ongoing higher returns for the congregation, whilst at the same time resourcing the wider Church's missional endeavours.

## A NEW INCOME SOURCE

Under the Money for Mission Program, the proposed Fund will be established with the monies raised from the sale of properties excess to missional needs. Invested Net sales proceeds will generate returns greater than net rental income in the case of rental properties, or for other property sales, greater than the income that would be received by investing after sharing in an IOMF. There is also more flexibility in how you can use the income. Net sales proceeds can be invested in a mix of U Ethical's Australian equities and enhanced cash investment products.

The primary purpose of this investment will be to generate and distribute proceeds for:

- Income replacement for congregations/ Responsible Bodies
- Presbytery funding
- Assembly
- Synod missional funding
- Wider Church missional grants
- Congress

All investments carry some degree of risk. This means investments in U Ethical products can go up and down in value and do not guarantee income or capital returns. Furthermore, past performance is not necessarily indicative of future performance.

## CRITICAL COMMITMENTS

This new approach will

- Provide a simple and hassle free income stream to Responsible Bodies/Congregations
- Allow Congregations/Responsible Bodies to use an income stream as they determine.
- Enable the potential for long-term capital growth

## LET'S TALK SOME NUMBERS

We know that returns on property differ across the Synod. The table below looks at the increased income that could be made yearly in both metro and regional areas, from **residential rental property** sale proceeds. The examples illustrate that a Responsible Body/Congregation should receive more net income than that received from net rental income, whilst also generating additional income for wider Church missional activities.

Residential Rental Property Sale Examples	Metro Example	Regional Town Example
Assumed Property Value	\$1,400,000	\$400,000
Current Net rental return (average) based on survey data as at 1 June 2020 #	1.44%	1.65%
<b>Current Net annual rental return to congregation/Responsible Body</b>	<b>\$20,160</b>	<b>\$6,600</b>
Net Sales Proceeds after all costs of sale	\$1,370,000	\$380,000
Estimated Income Yield assuming 4%p.a. *	\$54,800	\$15,200
<b>Proposed return to Congregation would be (calculated at 2% Metro and 2.5% Regional)</b>	<b>\$27,400</b>	<b>\$9,500</b>
<b>Incremental benefit to Responsible Body/Congregation over Average return</b>	<b>\$7,240</b>	<b>\$2,900</b>
<b>Additional annual income earmarked for wider Church mission</b>	<b>\$27,400</b>	<b>\$5,700</b>

# Net return includes rental received less all property outgoings.  
\* Subject to market conditions, investments can and do go up and down, past performance is not necessarily indicative of future performance.

See the Money for Mission Program Booklet for information on how the income return is calculated for sale proceeds from properties **other than** residential rental properties.

## WHAT CAN WE DO?

This is an opportunity for congregations wanting to increase income. To explore opting in:

1. Read the Money for Mission Fund booklet and the U Ethical flyer on the Money for Mission Fund
2. Explore the benefits with your congregation leadership council
3. Look at any current investment property which you may wish to nominate
4. Decide if opting-in to this fund is right for your congregation.
5. Commit to 100% of net sale proceeds going into the fund and remaining in the fund for at least seven (7) years

*The fund provides for you to receive a regular cash income stream equal to or greater than current net rental income –underwritten to at least the current net rental income level. For more details please refer to the Money for Mission Fund Program booklet.*

The Money for Mission Fund program provides exposure to a diversified portfolio of predominantly growth assets subject to U Ethical's ethical investment policy. Financial returns from the program are expected in the form of regular sustainable income and long-term capital growth.

U Ethical is a social enterprise of the Uniting Church with an independent board. We are an investment manager with a difference. We believe in creating a better world by investing with purpose — today and into the future. Our oldest funds were established in 1985 and over recent years, we have grown steadily to become one of the largest ethical investment managers in Australia.

U-Ethical is responsible for selecting and managing the assets of the Program. We are responsible for ensuring applications, redemptions and distributions are processed, issuing statements and reporting on the performance of the Program's investments.

The program aims to deliver:

- Ethical investment – in accordance with our Ethical Investment Policy
- Liquidity – investments are redeemable after an initial period of 7 years, per the Sustaining Mission rules
- Professional funds management
- Portfolio diversity
- Risk management
- Income – distributions are made every six months in December and June
- Reporting
- Reliable client service

An external custodian has been appointed to hold the assets of the investment trusts operated by U Ethical under a master custody agreement. As custodian, it will safekeep the assets of the investment trusts, collect the income of the trusts and act on U Ethical's directions to settle the trusts' trades. The custodian does not make investment decisions in respect of the trusts' assets it holds. You are advised to read the investment product offer documents and take independent advice