



STEWARDSHIP CONNECTIONS

An Informational Newsletter For Financial Connections

Building

TRUSTWORTHINESS *by Merle Herr*

In the last issue, we communicated several actions Anabaptist Financial has taken to increase our worthiness of public trust. We want to continue that discussion in this column and cultivate increasing levels of public trust.

We are in the midst of some of the most challenging economic turmoil that our country has experienced since the Great Depression. With their greed-induced miscues in the home mortgage market, financial institutions are at the forefront of this turmoil. While banks and trust companies faltered, individuals like Bernard Madoff “made off” with billions of dollars, creating a cycle of broken trust, betrayal, and disillusionment with traditional financial institutions. For example, National City Bank, familiar to many of our constituency in Ohio and Pennsylvania, filed bankruptcy while at the same time the CEO received over \$7,000,000.00 in compensation and severance pay for his grand failure. This is an outright betrayal of the public trust.

When faced with the continuing onslaught of negative news and financial struggle, it can be easy to lose heart and yield to the temptation of hiding and

isolation. Let’s cut right to the quick. External financial losses send shock waves of painful feelings into the interior of our hearts. Financial losses are not merely emotionally painful. Our feelings give a reflection of how financial losses are a real loss of the work of our hand, the sweat of our brow, and the very passion of our heart to be “fruitful, multiply and replenish the earth.” In short, financial loss matters deeply. Why? Because we experience shame and futility in an area of our hearts that previously was pounding with the fervor of God’s call to be “fruitful, multiply and replenish.”

How does this relate to Anabaptist Financial building trustworthiness? We have been trusted in very satisfying ways. Our organization is only four years old; a mere child. Yet, over 700 investors and 240 borrowers trust us with over 37 million dollars. Essentially, we have been trusted because of our integrity and of who we are, not because of a long history of credible performance. While we appreciate this public trust, we do not think it is credible to continue building trust solely by the integrity of those who sit on the board of directors or the officers that run the operations.

We believe that disclosure, transparency, and vulnerability in organizational operations are the actions that will build trust. Hiding from the eyes of others is the grand temptation during experiences of failure. Secrecy and cov-



Timothy Stoltzfus and Richie Lauer

ering up uncomfortable facts preserve public trust for a season, but in the end, the effected community feels deceived and betrayed. Anabaptist Financial is committed to appropriately revealing ourselves to our constituency. This does not mean we will reveal confidential information about our customer accounts. Instead, it means that we reveal our organizational account—our num-

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Upcoming

EVENTS

Business Seminars:

September 22, 2009..... Middlebury, IN; Essenhaus Banquet Facility (Capacity 400)

October 20, 2009..... East Earl, PA; Shady Maple Banquet Facility (Capacity 400)

To Register, Call 800-653-9817

PROPOSED LIMITS ON CHARITABLE DEDUCTIONS

President Obama's budget proposal to the Congress includes restricting charitable deductions in order to help pay for expanded government programs. Under the proposal, donors with incomes above \$250,000.00 would see their tax deduction on contributions drop from the current 35% to 28%. Researchers for nonprofit organizations have predicted that overall charitable giving in the United States would drop in response, perhaps as much as 5%. It seems uncertain how Congress will act on this plan to limit charitable deductions, since representatives from both parties have expressed opposition.

As Christians, our giving is not primarily motivated by the opportunity to gain a tax deduction. First, we give as part of our understanding of Biblical stewardship . . . we serve on earth as stewards of God's wealth. Secondly, we give out of gratitude . . . God has blessed us beyond our needs and we desire to extend help to those in need. Tax deductions are certainly appreciated and do help increase the ability to give, but they are not the primary reason for giving. Ω

MICRO-FINANCE PROJECT FUND

The committee overseeing Anabaptist Foundation's Micro-Finance Project Fund recently conducted a feasibility study in the area of Miragoane, Haiti. This southwestern area of Haiti was chosen because several Anabaptist missions have operated there for years and many Mennonite churches are functioning in the area under local Haitian leadership. The goal is to compliment the efforts of the mission organizations by helping these local communities become self-

sufficient through education, stewardship of the resources that do exist, and, eventually, a program of small loans to help people become productive and self-supporting.

Our initial effort, which placed \$50,000.00 in a loan pool to fund



Micro-Finance committee members Merle Burkholder and John Sensenig meet with Pastor Paul in Haiti

small (\$60-200) loans for business enterprises, is up and running in north-eastern Haiti. Utilizing the experience of the Hope International program, these funds are currently working in their first (six month) loan cycle and will be loaned out again in their second cycle in the coming months. Expect up-



Micro-Finance meeting held at Cadiac, Haiti

dates on the use of these funds as the program unfolds.

Our Micro-Finance Project Fund committee is currently working on a proposed savings-based program which utilizes the experience of Hope International's programs, the input of local Haitian Christians who have demonstrated accountability and initiative, and oversight by our committee. If you

are interested in supporting this effort or would like to have more information on what is developing, please contact Merle Burkholder, our Micro-Finance committee chairman (807-737-2238). Ω

CHARITABLE BEQUEST PROGRAM

The Charitable Bequest Program at Anabaptist Foundation is a simple way to make and manage end-of-life gifts. When considering end-of-life planning and making a will, most people are concerned about dividing their assets among their family. Meeting family needs and making gifts is an appropriate use of your resources, but, in some situations, the resources to be divided exceed your responsibilities to your heirs.

- What is the balance between meeting those needs and allowing family members to learn their own life lessons regarding work and stewardship?
- Are there situations where too much inheritance could weaken personal accountability or trust in God for the future?
- Although you have given throughout your lifetime as you have been able, is there a more significant, once-in-a-lifetime contribution you would like to make for a certain charity? Would a bequest gift be a special opportunity to make a larger gift?

How do I make a charitable bequest?

Participating in the Charitable Bequest Program is easy. Working with your own lawyer, you indicate in your will that a portion of your assets should be left as a charitable bequest to Anabap-

tist Foundation. Then, working with Anabaptist Foundation, you create a Bequest Plan that recommends which charities you would like to support with your bequest. When your estate is settled after your death, your executor will simply make one charitable bequest to Anabaptist Foundation. Following the Bequest Plan, the Foundation then oversees the distribution of these assets to the approved charities you have recommended.

How do I decide what to give?

The first step is to decide what share of your assets you wish to designate for charity. It is better to use percentages or shares rather than a dollar amount, since the size of your estate is likely to change between now and when it is settled. Options include giving a fixed percentage (like a 10% tithe on the estate) or giving all that remains after specific bequests to your family are met.

After you have reached this decision, Anabaptist Foundation will help you create your Bequest Plan which lists the churches, schools, or other charities you wish to support, and the percent of the bequest intended for each. One of the benefits of the Charitable Bequest Program is that you can modify your Bequest Plan at any time (add or delete charities; change percentages) by simply contacting the Foundation. This eliminates the expense of changing your will if your giving priorities change over time. [Contact Richie Lauer if you are interested in learning more about the Charitable Bequest Program.](#) Ω

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Richie Lauer
Foundation
Officer

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bers, gains, losses, strategic plans, and troubles that may have a material effect on our customers and the Anabaptist community. We are committed to grow our trustworthiness through open, honest, trust-building behaviors. This is easy when times are prosperous, but hard when financial pressure mounts up and the possibility of loss appears on the horizon.

Here are a few of the questions that beg for honest disclosure. What is the quality of AF loans? How secure are AF investments? How much loan loss reserve has the organization set aside to protect investors in the event of loan defaults? The answers to these questions require us to disclose ourselves and to be transparent. It would be much easier to just leave these questions unanswered and expect you to trust on the basis of our integrity. However, we seek to become increasingly trustworthy, not merely because of a good track of performance, but because of a character-rooted commitment of honest disclosure in order to enable you to be an accurate judge of our credibility and trustworthiness.

We will answer the questions about loan loss reserve in this column. What is a loan loss reserve fund? How does it work to protect investors and borrowers? How does the organization create a loan loss reserve? What amount of loan loss reserve is prudent?

A loan loss reserve (LLR) fund is money reserved in an account for the sole purpose of protecting the investors in the event that a loan becomes impossible to collect. The LLR fund is designed to protect investors from uncollectable loans which would otherwise create a loss to investors or disrupt the loan pool by creating a need to cull other good loans.

A LLR fund is built from profits of the organization or contributions from donors. Anabaptist Financial began operation in February of 2006. It took over two years to achieve enough profitability to begin building a LLR fund, but in July of 2008 the process was

started from organizational profits. With profits and assistance from donors, we anticipate holding \$75,000 in the LLR fund by June 30, 2009. As for the future, our projected budget is strategically designed to achieve approximately \$200,000 in the LLR fund by June 30, 2010.

We are disclosing these numbers and strategies to build a relationship of worthy public trust with the Conservative Anabaptist community. We want to hear from you. We need the wisdom that comes from the broad body of Christ speaking from a well-rounded perspective. Is our loan loss reserve of sufficient size to protect investors and borrowers? How should Anabaptist Financial respond when a borrower encounters financial difficulty? We believe borrowers must be accountable and responsible for loan repayment, but we also believe in a local brotherhood solution to hardship cases. Financial matters are very sensitive in the current economic upheaval, yet the heart that is sore from suffering can also sense the matters of trust. Listen to the Spirit's whisper in your heart and give us your counsel. Ω

Merle Herr
Executive
Officer



In our last issue of Stewardship Connections, some of our mailing labels were improperly addressed. We have corrected this problem and apologize for the mistake. Ω

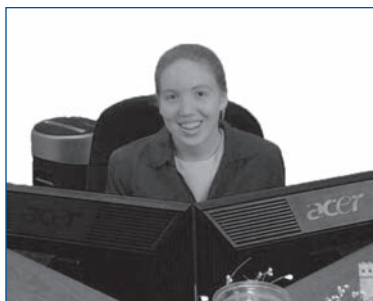
Anabaptist Financial continues to experience steady overall growth, despite the financial turmoil and troubled economy. During the first quarter of this year, Anabaptist Financial grew by about \$2.2 million, and is now managing over \$30 million in assets. Currently, Anabaptist Financial manages 656 investment accounts. Our year-to-date average is nearly two new investment accounts each business day.

We have funded loans in Anabaptist communities across twenty-two states. On average, Anabaptist Financial receives one loan application per business day.

We welcomed forty-five new IRA clients to Anabaptist Financial during the busy tax season that we just came through; we received \$422,835 in IRA invest-

ments during the two weeks before April 15 alone.

The ongoing goal of Anabaptist Financial is to further the Kingdom of Christ by providing financial services to our conservative Anabaptist constituencies. Thank you for your participation. Ω

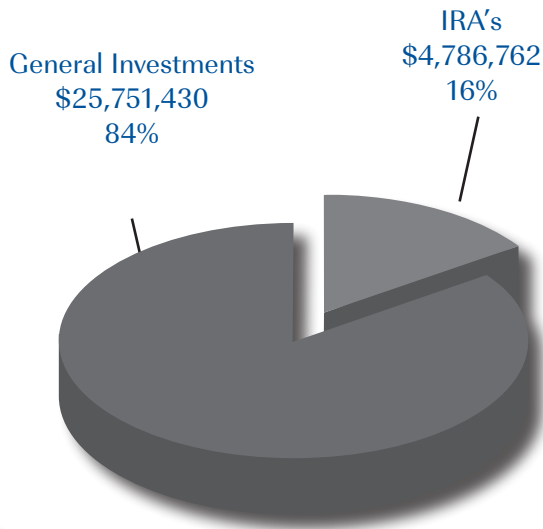


Jeanette Bender

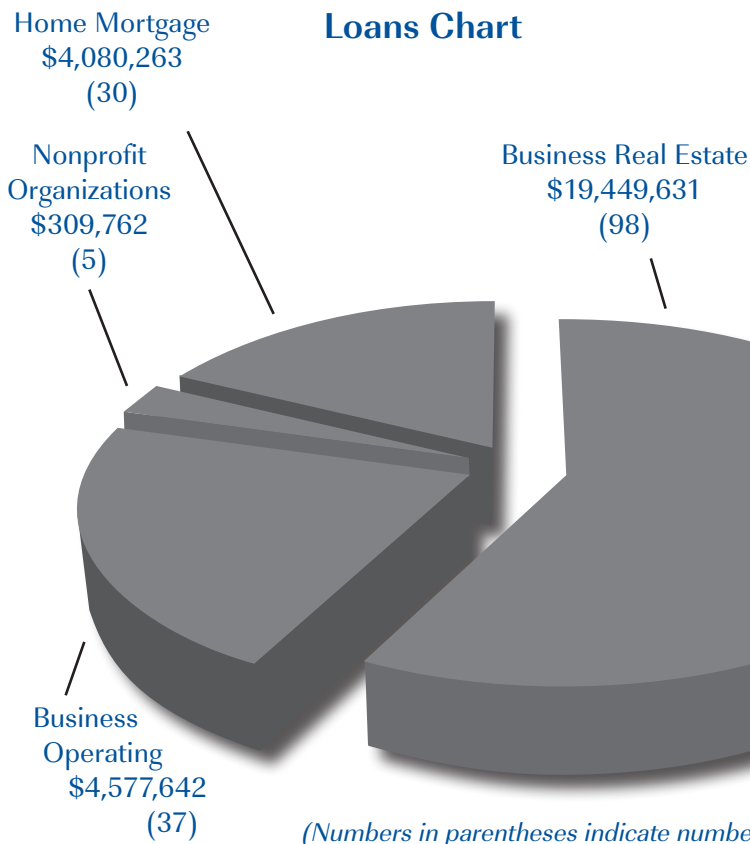


Melissa Moyer

Investments Chart



Loans Chart



Are you an *Anabaptist businessman* who is:

- looking for sound financial advice from a biblical perspective?
- interested in applying Anabaptist principles to business?
- concerned about growing as a businessman and leader?
- desiring to connect to a broader community of businessmen?

... then consider subscribing to **BUSINESS LEADER**, a quarterly newsletter for Anabaptist businessmen. A free sample issue is available upon request. One-year subscriptions are available for \$24.50 and two-year subscriptions for \$46.50. Email subscriptions are \$19.50 and \$36.50, respectively. To order, call 800-653-9817 or email info@afweb.org. Ω



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For Want of a Nail . . .

The following story is a composite of several situations. Names, locations, and other facts have been changed to illustrate and simplify the case.

Jane couldn't believe it. Her attorney had just phoned and advised her to reinstate Matilda to her former position, including back wages. Jane had never heard of such an absurd thing. It had all seemed so simple. Matilda had been an employee for three years, but during the last year her value to Jane had drastically diminished.

Matilda was late for work almost ev-

ery day. Her productivity had decreased to less than half that of the other women in her department, so Jane had fired her. Now, Matilda's attorney threatened her with a \$1,000,000 lawsuit if she didn't rehire Matilda—and Jane's attorney told her Matilda would probably win if the matter went to court. Jane was shocked, and wondered what had happened to an employer's right to fire an employee.

The situation seemed almost as crazy as the story Noah had told her. Noah was a strong believer in modesty on the job. When one of his employees came to work wearing immodest clothing, Noah warned Keith not to do it again. The next day, guess what? Same clothing. So, Noah fired him. It had cost

Noah \$25,000 to get that issue settled when the employee hired an attorney!

As Jane's advisor, I had a dilemma. How could I kindly tell Jane that both she and Noah could have easily avoided these employee problems? The phrase 'for want of a nail...' in these cases meant the omission of an employee handbook. Both Jane and Noah had learned expensive lessons.

Noah's problem seemed to him to be an infringement on his rights. You see, Noah belonged to a conservative church. His church group enforced the rule that all members wear plain blue shirts at work, with the sleeves buttoned at the wrist, and the neck but-

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ton closed. His employees knew how Noah dressed, and out of respect to Noah, they dressed in a similar manner on the job. But Keith wasn't a church member, and said he was never told he must dress a certain way as a condition of his employment. Plus he said some of the men rolled up their shirt sleeves, and left their shirt collars unbuttoned, and Noah never reprimanded them. But when Keith came to work wearing

"I slowly pulled an Employee Handbook out of my attaché case and showed it to Jane."

a Budweiser tee shirt, Noah erupted. The attorney said Noah forfeited his right to control the shirt situation by

not having a written policy and by not requiring all employees to follow it.

Jane's problem also seemed to begin innocently enough. She had been attempting to hire an experienced sewing machine operator for a long time, when a friend told her about Matilda. Jane was overjoyed when Matilda agreed to work for her. Jane placed her arm on Matilda's shoulder and said, "Matilda my friend, you'll have a job here until you retire." But Matilda's attorney said that statement was tantamount to a lifetime employment contract. Jane was lucky to settle the situation at an expense of only \$75,000 plus paying the fees of both attorneys.

I slowly pulled an Employee Handbook out of my attaché case and showed it to Jane. It only contained a few dozen pages, but it covered the situations Jane and Noah experienced, as well as many others; smoking, male/female employee relationships, using cell phones on the

job, safety issues, and hundreds more. Both were surprised to learn how easy it would be to prevent many potential problems if they had a company employee handbook. "But," Jane objected, "my company can't afford to pay someone \$10,000 to write one for me." However, when she learned that for less than \$100 she could easily customize one for her business, she sobbed, "Why didn't anyone tell me the dangers I faced, and why didn't anyone tell me about the help which was available from AF for plain people?" Ω



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An Informational Newsletter For Financial Connections

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