

Governance checklist:

For endowed bequests, and other restricted capital gifts

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Pretext: Bequest Report 2025

Building an endowment fund to generate a stable and predictable source of income is a challenge for any charity and typically relies on bequests.

Our Bequest Report 2025 highlights a significant opportunity for charitable organisations in New Zealand to enhance their long-term financial stability through bequests¹.

The report reveals that only 6% of wills in New Zealand include a charitable gift, with bequests accounting for just 1.3% of all income of charities, or \$320m annually.

However, total inheritances in New Zealand are expected to grow significantly, from around \$27 billion in 2024 to a cumulative total of \$1.6 trillion by 2050.

There is an immense opportunity for charities to grow their endowment funds, diversify their income streams, and strengthen their long-term sustainability through bequests.

In this context, Boards in the charitable sector should review the commitments made to invest in bequest fundraising capability, and whether it will best enable an organisation to participate in the inheritances to be shared.

It is important that boards ensure the organisation has policies and processes in place to demarcate and steward endowed bequests from the annual gifts and other charitable bequests gifts it receives, as well as its general reserves.

The questions a board asks to ensure it properly honours endowed bequests, and other restricted capital gifts, will typically cover governance and legal compliance, investment and financial management, donor intent and ethical stewardship, reporting and future proofing, and risk management.

Below are questions that may help a board to identify any gaps in its policies or processes in these areas and the schedules of work required.

This follows on from a piece we wrote for the Institute of Directors New Zealand on bequests for charities: ***A time-sensitive opportunity for charities to build financial sustainability***

Charities that clearly articulate their approach to managing endowed bequests – distinct from unrestricted donations – and demonstrate a commitment to providing an ongoing contribution or legacy, will foster trust and confidence amongst their donors and volunteers, encouraging them to leave a final gift to the organisation in their will.

¹ The JBWere NZ Bequest Report 2025, can be downloaded [*here*](#).

Checklist for stewarding endowed bequests, and other restricted capital gifts

This checklist is designed to help charity boards ensure they have the right structures and systems in place to properly manage and honour endowed bequests, and other restricted capital gifts.

Acknowledgments: We are an investment manager that supports the stewardship of endowed funds and other forms of restricted capital for charities. It is intended only as a general guide to support good governance practices and does not constitute legal or financial advice.

1. Governance and legal compliance

- ☐ Impact model: Does the organisation have a clear and shared strategy that sets out **how** it will achieve its mission and **when** it expects to realise its vision (for example, through a theory of change or logic model)?
- ☐ Formal endowment and restricted gifts policy: Is there a formal **policy** that governs the acceptance (including criteria and ethical considerations), management, use, and reporting of endowed bequests and other restricted capital gifts, to ensure they can be appropriately applied in line with their donor intent, intended impact and timeframe, within the organisation's overall impact model?
- ☐ Naming rights: Is there a **naming policy that includes clear criteria and processes for donor recognition** that take into account the long-term reputational implications for the organisation, including **a clause that allows the organisation to decline or remove a naming right** in the event that the donor's actions or legacy are later found to be inconsistent with the organisation's values or may cause reputational harm?
- ☐ Legal agreements: Are there **legal agreements, trust deeds, or board resolutions** that define the purpose and conditions of endowed gifts? Does the organisation have a practice of **getting legal advice** when reviewing existing and drafting new endowment agreements to ensure all legal aspects are covered?
- ☐ Compliance: Is the organisation compliant with **relevant legal and regulatory requirements** for managing endowed funds, including fiduciary duties, reporting obligations, investment standards?
- ☐ Policy review: Does the board **regularly review and update policies** to align with best practices and donor expectations?
- ☐ Board education: Does the board provide **ongoing training for board members on fiduciary duties** regarding endowments and restricted gifts?
- ☐ Conflict of interest: Does the board enforce **conflict-of-interest policies** to ensure objective decision-making around investments and fund usage?
- ☐ Ethical leadership: Does the board foster a **culture of donor respect and compliance**, emphasising moral as well as legal obligations?

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- ☐ Fundraising roles: Are the respective **roles of trustees and management** clearly defined in identifying, cultivating, and stewarding bequest prospects to ensure alignment with governance responsibilities and effectiveness in fundraising?

2. Investment and financial management

- ☐ Segregation of funds: Are **endowed funds and other restricted capital gifts** segregated from general operating funds and consolidated reserves? Are **appropriate accounting policies and systems** in place to track, report on, and ensure the use of these funds in accordance with donor intent and legal requirements?
- ☐ Statement of policy and objectives (SIPO): Is there a SIPO that aligns with the purpose of the endowment and an appropriate risk–return profile?
- ☐ Investment committee: Is there a qualified **investment committee** overseeing the management of the funds?
- ☐ Investment strategy: Is there a **diversified investment strategy** in place to mitigate risks and enhance the stability of the endowment portfolio?
- ☐ Sustainability management: Are funds being managed to ensure long-term sustainability of the endowed bequest while allowing for **spending / distributions according to the donor intentions** (e.g. total return approach vs. income-only spending)?
- ☐ Qualified service providers: If necessary, has the organisation **engaged qualified investment management service providers** to hold, manage and report on investment funds, and regularly **monitor their performance against benchmarks**?
- ☐ Annual distribution rate: How does the organisation determine and review the **annual distribution rate** (spending policy)?

3. Donor intent and ethical stewardship

- ☐ Preserving donor intent: Is there a **documented process to preserve donor intent** and ensure future boards and staff honour the wishes of past donors and testators?
- ☐ Donor recognition: Is there a **process to recognise and honour donors** who contribute to endowments, fostering a culture of appreciation, long-term engagement, as well as a reference for others who may give?
- ☐ Contribution to organisational purpose: Are there metrics and processes to **measure and report the impact of endowed funds** on the organisation's purpose and goals?
- ☐ Preventing misuse: What measures are in place to **prevent the inappropriate use** of restricted or endowed funds?
- ☐ Decision-making framework: If donor agreements are ambiguous, does the board have a **clear decision-making framework** to guide ethical stewardship?
- ☐ Donor enquiries: Does the organisation have **mechanisms for reviewing and responding to donor or family inquiries** regarding endowed gifts?

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- ☐ Fundraising standards: Does the organisation **ensure all bequest fundraising practices adhere to ethical standards** and avoid any practices that could be perceived as coercive or misleading?

4. Transparency and reporting

- ☐ Regular reports: Does the board regularly receive **reports on the performance and use of endowed funds**?
- ☐ Clear financial statements: Are there **clear and transparent financial statements** distinguishing endowed, restricted, and unrestricted funds?
- ☐ Stewardship reports: Is there regular engagement with donors and volunteers to keep them informed and involved in the organisation's activities? Do volunteers, donors (or their representatives) receive **regular stewardship reports** demonstrating how their gifts of time and money are being used and the impact of their gifts? Does the organisation share stories and case studies that highlight the impact of endowed funds on the organisation's purpose and beneficiaries?
- ☐ Public disclosure: Has the organisation considered a **process to publicly disclose endowment performance and usage** reports to enhance transparency and build trust with the broader community?
- ☐ Audit review process: Does the organisation implement an **audit review process** for endowment management, to ensure policies and procedures remain effective and compliant with current laws and best practices?

5. Future proofing and risk management

- ☐ Contingency plans: What contingency plans are in place where the **original purpose of an endowed gift becomes impractical or irrelevant**?
- ☐ Inflation protection: What **inflation protection measures** are in place to ensure the long-term sustainability?
- ☐ Succession plans: Are there **succession plans** to pass on knowledge of donor intentions and governance of endowed funds to future leadership?
- ☐ Risk assessment: Has the board assessed the **reputational and financial risks** related to endowment mismanagement or donor dissatisfaction? Has the board formally undertaken a **risk assessment** to identify and address risks including market volatility, inflation, mismatch between spending needs and investment returns?
- ☐ Technology enabled: Are there **technology solutions in place to efficiently track, manage, and report** on endowed funds, enhancing both operational efficiency and transparency?
- ☐ Scheduled reports: Is there a **scheduled yearly board or committee review of endowed funds**, focussing on compliance, performance, and adherence of distributions to stated restrictions?

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- Policy updates: Does the board review and **update endowment and restricted fund policies** as the regulatory environment, organisational goals, or donor expectations evolve? Do the **policies and practices for endowed bequests reflect and respect** the diverse backgrounds, values, and giving preferences of donors, while remaining aligned with the purpose and values of the organisation? Does the **board engage with a broad range of stakeholders, including beneficiaries, community members, and experts**, to gather input and feedback on its endowment management practices?

| Role of JBWere

The intergenerational wealth transfer has begun, and it offers a time-sensitive opportunity for charitable organisations in bequest fundraising. The JBWere Bequest Report 2025 offers data-led insights for charities to quantify the opportunity and support the case for investment in their bequest fundraising capabilities

This Bequest Report follows on from the JBWere NZ Corporate Support Report 2022 and the earlier reports in the JBWere NZ Cause and Support Report series. Together these reports provide for-purpose sector data to inform the decisions made by private donors, grantors, charities and other for-purpose organisations.

JBWere New Zealand is a specialised investment firm providing bespoke wealth solutions to New Zealand's individuals, families, companies and for-purpose organisations.

JBWere assists for-purpose organisations by providing investment governance support to review their goals and build confidence in taking a portfolio approach that aligns to their risk/return objectives, as well as beliefs and values.

We also support clients in impact investing and more broadly responsible investing, helping them develop investment policies and apply a 'total impact approach' to their financial assets, including their endowments and other restricted capital funds.

Working with charitable and for-purpose clients has been a key cornerstone of the growth of JBWere over its long-standing history.

John Morrow

Head of Philanthropic Services & Family Advisory
JBWere New Zealand

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