



# EXPERT ADVICE FOR AN UNCERTAIN ECONOMY

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## To weather the storm, church leaders should pay attention to 6 crucial factors — and understand how they're affecting the lending landscape.

For the last several years, I've been helping churches across the country make financing decisions as they seek to grow their ministries and meet their stewardship goals. At Thrivent, we've been monitoring the recent market and economic volatility, and we understand how this may cause uncertainty when making financial decisions. As

church leaders look for advice, here are six crucial factors we're paying attention to right now:

### #1: INFLATION

While gas and prices on other items may have eased a bit, other essentials — from groceries to childcare — remain elevated compared to pre-pandemic levels. While wages have risen, they haven't kept pace with inflation. The result? A new baseline for pricing.

Don't expect costs to return to "normal." Ministries must now assess how this permanent shift affects operations and outreach.

### #2: TARIFFS

It's difficult to predict how things will play out, longer-term, when it comes to tariffs. They may have an impact on construction projects, but to what extent?

For churches pondering construction projects, working closely with your general contractor and lender to evaluate these factors is key. Guaranteed maximum price contracts are now being layered with escalation clauses, hedging against tariff-induced cost increases. Even before tariffs, we saw significant price increases, which in some instances have led to project downsizing, delays, or cancellations altogether. Lenders are responding with caution. They're scrutinizing contractors closely:

- Do they have experience with similar-sized projects?
- Is their balance sheet strong?
- Are contracts based on hard bids?
- Is there sufficient contingency in the budget?

Lenders aren't saying no to construction; they're saying *consider the unknowns*. And tariffs, right now, are one of those unknowns.

### #3: GIVING

With cost-of-living expenses surging, Americans are saving less and borrowing more. Credit card balances are rising. Disposable income is declining for many.

For some ministries, this presents a challenge. Giving is the financial lifeblood, and lenders are now closely evaluating how economic pressures are impacting generosity. The questions they're asking:

- Are giving levels stable?
- Are donor bases expanding or shrinking?
- Is there an expense reduction plan if giving trends go down?

### #4: CONSUMER SENTIMENT

Consumer sentiment is poor given high uncertainty and high prices. Consumers, however, rate the present better than their expectations for the future. Despite poor sentiment, consumer spending has held up, buoyed by a strong labor market. However, if there are layoffs and it begins to ripple through the economy, consumer spending might falter — along with the appetite for financing church expansion projects.

The Fed has adopted a wait-and-see posture, delaying changing their target interest rate until they understand the full economic impact of tariffs. Ministries should consider doing the same.

### #5: DEBT

Interest rates, as compared to 2020 and 2021, remain relatively high, and many ministries are approaching maturity or rate resets on their debt. Those that planned ahead are ready — they've modeled the impact of higher rates and are positioned to refinance competitively.

But those who haven't might find themselves boxed in. A ministry locked into a 3.5% rate might face a 6.5% reset, resulting in an additional \$30,000 per \$1 million in debt annually. That's a potentially significant hurdle.

Lenders are laser-focused on one thing: *payment history*. Have you consistently made payments? Can your operating budget handle higher payments at these higher rates? If your church has not considered that impact, you might find yourself without a lender or without the flexibility previously experienced at the time of a loan reset and loan maturity.

It's always a good idea to check with multiple lenders in advance of your interest rate reset, as your current lender might not be able to offer you the best market rate for a number of internal or external reasons.

### #6: INSURANCE

Property & casualty insurance is no longer an afterthought in expansion; it's a frontline issue. Premiums have increased significantly for certain coverages, and in some regions, a single insurer might not take on an entire facility due to size and risk. Ministries are now cobbling together coverage from multiple carriers — an expensive and complex necessity.

When working with lenders, ensure your insurance provider has an A-rating. Most banks won't accept anything less. Before expanding, speak with your broker. *Can they extend coverage? What are the premiums, deductibles and exclusions? Do they meet lender requirements?*

If you're planning an expansion project, make sure to incorporate the cost of higher insurance premiums into your operating budget.

Remember: lenders require full P&C coverage. Self-insurance is rarely an option.

### A FINAL THOUGHT

The economic terrain is shifting fast amid elevated uncertainty — and the ministries that will thrive are the ones prepared to navigate it. From tariffs and inflation to insurance and interest rates, this is a time to lead with clarity, data and vision.

The stakes are high, but so is the opportunity for ministries that are proactive, strategic, and deeply rooted in stewardship. **CE**

### About Thrivent

Thrivent is a Fortune 500 financial services company that helps build, grow and protect financial well-being through purpose-driven advice, investments, insurance, banking and generosity programs. Thrivent serves more than 2.4 million clients through thousands of financial advisors across the country and has more than \$193 billion in assets under management/advisement (as of 12/31/24). Thrivent carries strong financial ratings from independent rating agencies — including AM Best, Moody's and S&P Global Ratings. Ratings don't apply to investment product performance and more information can be found on each rating agency's website. For more information about Thrivent, visit [Thrivent.com](https://www.thrivent.com) or find us on [Facebook](#), [Instagram](#) and [LinkedIn](#).