

It is not possible in one short document to discuss everything you need to know about planned giving and which methods would be most advantageous for you as you plan for the future. We strongly recommend that you check with your accountant, attorney, or tax advisor for help in planning or to confirm your plans.

Why Consider a Planned Gift?

Planned gifts have been described as the last great act of stewardship. The primary benefit comes from the satisfaction that, in a manner large or small, your legacy will stand for future generations of God's work. Our program is designed to assure that the gift will be used wisely for future generations. You will also be able to plan financial security for your family and ensure significant tax (gift, estate, income) savings.

The Endowment Fund

This fund, created to receive gifts or bequests from members and friends of our church, will remain as a permanent endowment and will be conservatively invested in stocks and bonds via mutual funds. The income generated by the fund will be used for special projects such as conferences, historic sanctuary preservation and launching future ministries.

Options for Giving

Cash

Most gifts made to the church are in cash. These gifts, like all other gifts, are used wisely to carry out our vision.

Gifts of Securities

Giving appreciated securities, held more than one year, offer two possible tax advantages over cash. First, you receive an income tax deduction for the full market value of the stock given. Second, most donors will avoid liability for income taxes (capital gains tax) due on the sale of the securities if sold outright.

Let's say stock you originally paid \$10,000 for is now worth \$35,000. A cash gift of \$35,000 would give you a tax savings of \$10,850 (in the 31% federal income tax bracket). However, by making such a direct gift of this stock to the church, you save an additional \$5,000 in capital gains tax which otherwise would be due if you sold the stock outright. Certain upper bracket donors making gifts of highly appreciated stock may be subject to the alternative minimum tax on the gain. You will want to consult with a tax advisor to help you estimate the tax consequences of your proposed securities gift if you are in this situation.

Real Estate

A residence, farm, vacation home, or other real estate that you have owned for a long time may have appreciated so much in value that its sale would result in a burdensome capital gains tax. Giving the property to the church can generate a substantial income for the remainder of your life or of subsequent beneficiaries as you direct. Life Estate Agreements allow you to give your home or farm to the church, generating a large income tax deduction, while retaining the right to live there for life.

Life Insurance

There are two ways life insurance can be used to support the important needs of the church.

- Buy a policy designating the church as the owner and beneficiary. Your annual premium payments then become tax deductible. Many life insurance policies can be fully paid off in one to eight years.
- Give a fully paid-up policy no longer needed for family protection. When you transfer ownership to the church, you get a deduction for an amount roughly equivalent to the cash surrender value. The insurance death benefit is removed from your estate for death tax purposes.

IRA Rollover Gifts

There is a [special provision](#) for people aged 70+ to donate directly from an IRA without incurring normal tax consequences.

GIFTS PROVIDING SECURITY TO THE DONOR

Charitable Lead Trusts

If you are concerned about passing your assets to your beneficiaries at the least tax possible, this plan may work for you. You transfer assets to the trust, directing the trustee to pay the church a fixed dollar amount or a fixed percentage of assets each year. At the termination of the trust period, the assets are turned over to your chosen beneficiaries. When properly drawn, such a trust may allow you to pass on the original trust amount to your heirs virtually free of estate and inheritance taxes.

Living Trusts

Under a living trust arrangement, you transfer assets to a revocable trust managed by an institution that you choose as trustee. You retain total control of the trust during your lifetime, including the power to terminate the trust. Upon your death, the assets you desire the church to receive becomes the property of the church. People who live alone or who have special dependency considerations often create living trusts to provide maximum contingency for their care if they become incapacitated.

Gifts by Bequest

A bequest allows you to retain full control of your assets, but also gives you the satisfaction of knowing that the church will eventually benefit from your generosity. There are a variety of ways to provide for the church in a will, but bequests generally take one of these forms:

- A specific bequest leaves a specified dollar amount or a fixed percentage of your estate to the church.
- A residuary bequest first gives the amounts you specify to the individual or organizations you choose, and leaves the balance to the church.
- A contingent bequest gives the church the portion of your estate designated for another person if that person predeceases you.

Even without drawing a new will, a bequest can be made to the church by adding a codicil to your existing will. An attorney's guidance is necessary to prepare a codicil.

GIVE – BUT RETAIN AN INCOME FOR LIFE

You may want to make a substantial gift to the church, but you may also need the income to live comfortably. You may be surprised to learn that you may be able to actually increase your current income by making a gift and retaining a life income interest.

Charitable Gift Annuities

The simplest form of income gift is the Charitable Gift Annuity. In return for your gift of \$5,000 or more, you are paid (and a second annuitant, if you wish) a fixed amount each year for the rest of your life. You agree that the church retains the principal upon your death, or the death of the second annuitant. You get a generous income tax deduction based on your age at the time of the gift. The rate of return is also determined by your age. A portion of your annual annuity payment is tax-free, so the effective rate of return (including taxes saved) is often higher than prevailing market rates.

Deferred Payment Gift Annuities

You may defer collecting payments on your Charitable Gift Annuity until some specified time in the future. You get a bigger deduction, and the income earned by the investment is tax-sheltered and accumulated, making possible a substantial guaranteed income in later years. This can be used as a retirement income vehicle or to meet future financial obligations, such as college tuition for children or grandchildren.

Charitable Remainder Trusts

A charitable remainder trust is practical if you have cash or other property valued at \$50,000 or more.

- A Charitable Remainder Annuity Trust enables the beneficiaries to receive a fixed dollar amount each year for life. The amount of the payment is calculated at the time of the gift. With such a trust, you can get a substantial income tax deduction, and future payments may be taxed at a lower rate than your regular income. Such trusts also generate estate tax savings.
- A Charitable Remainder Unitrust works very much like an annuity trust except that the annual payout is a fixed percentage of the trust's fair market value as measured each year. The annual payments from a unitrust will vary with the market performance of the trust's investments. You are allowed to make additions to a unitrust, including additions by bequest.
- A Pooled Income Fund Trust (PIFT) protects your income from severe market fluctuations by spreading the risk across a very large pooled fund. Your gift to the PIFT purchases "units" of the pooled fund. Your investment entitles you to a pro rata share of the trust's annual income. Gift investments can be modest or as much as you choose.