

# PLANNED GIVING HANDBOOK

FOR LOCAL CHURCHES



*Establishing an Endowment Program  
in the Local Church*

*Creative Gift Planning*

*Estate Planning*

*Memorials*



HOLSTON CONFERENCE OF THE UNITED METHODIST  
CHURCH FOUNDATION, INC.

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*CHAPTER I*

**ENDOWMENT FUNDS AND  
PLANNED GIVING IN THE  
CONTEXT OF STEWARDSHIP  
IN THE LOCAL CHURCH**

“Dearly beloved, the church is of God, and will be preserved to the end of time....”<sup>1</sup> We heard these words when we stood at the altar and joined the church, and we have heard them in our church as countless others have taken this important step of becoming members of the household of faith.

If there was ever an organization that ought to think, talk, and plan in terms of permanency, it is the church. If there was ever an institution that ought to be committed to a long-range planning, it is the church. Yet, when we realistically look at the way the mission and ministry of the church is planned and funded, we must confess that we are far too shortsighted. In fact, the church may well be one of the most shortsighted institutions in our society.

No wonder so many of our churches act this way! When church leaders are asked about their stewardship program, the most common response (other than a blank stare) goes somewhere like this: “We send out a letter and a pledge card and ask people to fill in the card and turn in their pledge next Sunday.” The failure of our churches to teach stewardship is well documented,<sup>2</sup> and it is beyond the scope of this handbook to address the issue here. Know that we understand planned giving as integral to annual giving, capital giving, memorial giving, special offerings and endowment building. For assistance in developing the entire stewardship program in your church, we recommend you contact your conference/area United Methodist Foundation for guidance and assistance.

In order to set planned giving and endowment building in the light of the entire stewardship program of a local church, we make these observations:

- 1) We believe most Christians want to give, but are not always aware of the need.
- 2) Many Christians are strapped with debt and unable to give as they would like out of current income.
- 3) Christians in some churches have not been invited effectively to give.
- 4) A planned giving and endowment building program can become an important aspect of the entire stewardship ministry of a local church.

In many local churches when we are planning for the mission and ministry, which the members and constituents are asked to support with their giving, we often look out no further than one year. When we are considering a major step forward, which calls for long-term commitments through a capital funds campaign, such as a building program, we are willing to stretch ourselves

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<sup>1</sup> The United Methodist Hymnal, Baptismal Covenant III, page 45.

<sup>2</sup> See, for example, Faith and Money, Michael Reeves and Jennifer Tyler (Nashville: Discipleship Resources, 2003).

out three years. “Our church sometimes acts as if it is just another neighborhood business, which may go out-of-business any day,” one layman lamented.

In the early years, the church was always on the frontier in our nation... striving for its place in the future. Certainly the frontiers of today call for us to be committed to the church that “will be preserved to the end of time...”

Endowments and planned giving are tangible expressions of faith in the future of the church. Webster defines endowment as “the act or process of furnishing with an income”. If the church is to remain on the frontier, it must plan for future as well as present mission and ministry; but unless these plans include ways of funding this mission and ministry, they may be only empty dreams. The concept of endowment funding says to the church and to the community that the church is here to stay and that it is both planning and funding for the future.

One thoughtful church member reasoned, “Those persons who preceded me in this church left a rich heritage. What will I leave as a heritage for future generations?” Is it possible that a part of that answer might be found in a carefully thought-out and designed funding plan that will address the future as well as present needs and opportunities of the church?

An Endowment Fund is a good way for your church to say:

- We believe in the future of this church.
- We want to be guided in our stewardship by the belief that everything we have is a gift from God.
- We want to build a sense of permanence in what we do.
- We want to be good stewards as a church family even as we expect each member to be a good steward.
- We want to go the extra mile in providing services and programs that formerly were only dreams.
- We want to continue a heritage that future generations can celebrate as joyfully as we celebrate our rich heritage today.

An elderly member was discussing her stewardship philosophy with a planned giving counselor. “My church has always been an important part of my life, and I want to always be a part of my church.” One of the ways she accomplished this during her lifetime was through her generous and faithful contributions from her current income, but she gave her stewardship conviction as she established an endowment with the remainder of a life income gift. “Now,” she said with a great deal of satisfaction, “I will be a part of this church every year even after I am no longer here to make my contributions.”

Endowments have provided a major source of funding for many institutions in our society for years, helping to insure present and future financial stability. Yet there are those who say that churches should not have endowments because endowments become disincentives for current giving by the congregation. But, in churches where such disincentives exist, the problem is not the existence of an endowment; instead, it is how the endowment was set up and how the income from the endowment has been used.

Endowments for local churches can be compared to inheritances for individuals. Some individuals have been spoiled by an inheritance while others have been greatly blessed and have become better stewards because of their inheritance. The problem is not with the inheritance, but with how it is left and how it is used. So it is with endowments in the local church. To say that there is no place for endowments in the funding plans of the local church would be as unthinkable as saying that no one should ever be left an inheritance because some have abused their gifts.

While endowments will benefit from both current and deferred gifts, their existence will especially encourage deferred gifts to the church that might otherwise have been given to other charities, which have endowment funds in place. While on the particular occasion Jesus was talking specifically about prayer, could this perhaps be another modern-day and practical application of His words, “You have not, because you ask not.”

Endowments also provide opportunities for donors to honor the life and special contributions of others. Gifts given in honor and in memory of family and friends are a major source of assets with which to build endowment funds for the local church. Donors see this as a meaningful way to honor special persons while investing in the present and future of their church.

A vital component of any planned giving program is donor recognition. While our motive for giving should not be to receive recognition, we must admit that there is a desire, yes a need, within each of us to be recognized and appreciated. Donor recognition, properly given, becomes a reinforcement of one’s faithful stewardship and also offers encouragement to others.

For many of our churches, the building itself is an asset for ministry, paid for by a previous generation and gifted to this generation. The building becomes a “use asset,” in financial planning terms. A properly structured endowment can become the same kind of asset, through which this generation provides ongoing funding for future projects as property maintenance, missions and general services of the church.

There are two dangers we have observed in using endowment in local churches. One is when the principal is treated as a cash reserve, regularly dipped into to balance the budget at the end of a year. This kind of treatment of an endowment discourages gifts from those who desire to see

their contributions conserved and used for years to come to generate funding for ongoing ministries. The other danger is when earnings are reinvested in the fund and little or none of the earnings are put to use in ministry.

The days of late summer are times when farmers' markets abound. Depending on the section of our country, berries, peaches, cantaloupes, tomatoes and sweet corn may be among the attractive offerings to be found in these markets. They are all fresh, homegrown, and delicious.

If you buy a dozen ears of corn at the market this week, how many people will they feed? If roasted or boiled, served with butter, salt and pepper, it will feed a few folks today. But if you purchase a dozen ears of corn, properly store it, and then next year plant the kernels, tend them, and harvest the results, those dozen ears will feed many more people than the dozen ears cooked would feed today. And if you set aside some seed each year and go through the growing process all over again, the seed corn will keep feeding people for the foreseeable future.

Endowment funds are like that seed corn. Properly tended, they generate earnings that can enhance the ministry of the church for all the years ahead. Setting aside funds now can ensure the future of the church when new ministry opportunities present themselves and there is no source for current funding. Endowment may maintain church buildings, generate funds for mission work and enhance other ministries of the church.

We believe in the power of endowments! United Methodist Foundations work with thousands of churches around the connection to help them develop and use their endowments for the advancement of their ministry in the name of Jesus Christ.

The celebration of its 200<sup>th</sup> anniversary was a joyful experience the members of Wesley Church will long remember, but it was also a disturbing experience as their planning and preparation for celebration led to some rather significant discoveries.

As they reviewed the financial stewardship of their church through the years, they discovered that over 25% of the total money contributed each year to their church was being spent to maintain their church's physical facilities. Many of the church leaders expressed a concern that even though theirs was a beautiful edifice, which was on the historic registry, this was a disproportionate part of their annual budget to be spent this way. Their concern heightened when they listed the many worthwhile projects and programs that had been reduced, deferred, or eliminated because of a shortage of funds.

Wesley Church seized this opportunity to chart its entry into a third century of life and service with a clearer vision of its mission and a long-range plan that would open new doors of



opportunity for ministry and service. One part of this plan was the creation of an endowment program to be funded with a variety of gifts from members and friends.

Today, the causes supported by the annual income from their new endowment program tells the story of how one church began charting a future even brighter with promise than its past.

- Special mission projects and new ministries that members had only dared to dream about are now a part of their church's program and life.
- Funds to maintain the church's physical facilities are now available in a way that allows for preventive maintenance and even capital improvements as well as emergency repairs.
- Perhaps the most exciting fact is that the church is now seeing annual operating budget funds freed up for improving and even expanding the ministries they have carried out so well over the years.

But, what about the questions raised earlier – “Has giving to endowments had a negative impact on giving in support of the annual operating budget? Has the person in the pew responded by saying ‘the church has all of this money invested...it doesn't need my contributions?’ ” No. The opposite has been the case.

Members and friends have seen their church do a quality job of long-range planning. They have seen stewardship plans that look beyond the current year and include opportunities to give from accumulated resources as well as from current income. There is a new sense of excitement and expectation, and in response to these good feelings more and more members are including their church in their present and future financial plans.

The model for an endowment program that Wesley Church followed showed great wisdom and sensitivity in allowing for endowments to operate in three designated areas so that earnings are no merely used to fund the operating budget of the church. These three endowment areas are:

- A. The Missions Endowment – for missions in and beyond the local community.
- B. The Maintenance and Church Property Endowment – for maintenance, care, improvements, and construction of physical facilities.
- C. The General Endowment – undesignated for special needs and ministries determined by the church leadership.

Upon hearing about the new life being experienced in Wesley Church a member of a neighboring church asked, “Why doesn't that happen in my church?” It can, and it will, as church leadership catches a vision of what it means to plan for and to fund for the future as well as the present.

When a church opens the doors of endowment giving and funding, at least five things happen:

- The church receives increased gifts to fund its various causes.
- Members begin to examine their Christian stewardship concepts and understanding in a broader context and begin including planned gifts as well as current gifts in their stewardship response. Robert F. Sharpe of the National Planned Giving Institute, describes this as “giving from two pockets” – the first being the pocket from which current gifts are given from income and the second being the pocket from which gifts are made from accumulated assets.
- Members are educated as to many expanded gift opportunities for mission and ministry through their church.
- Current contributions given in support of the ongoing annual budget are freed up to strengthen and even expand existing programs.
- The church and its various ministries and institutions begin to receive major planned gifts that have previously been directed to other causes where endowments are already in place.

Will these things happen in a church that does not have an intentional program of planned giving? Will they happen in a church that does not have endowments as a part of its total stewardship program? Possibly, in a limited way; but not likely as a major thrust of Christian stewardship.

Will these things happen in a church that **does have** a program of planned giving and endowment funds? YES! They may happen sooner in some than in others, but **they will happen!**

Herb Miller, in his book *Full Disclosure*, tells this story from one church. A beautiful three-panel stained-glass window in the fellowship hall of a church depicts Jesus with a staff in one hand and a lamb in the other. At the bottom of one stained-glass panel are these words: “Your Works Still Live.” Below the inscription is a woman’s name.<sup>3</sup> Is it possible that an endowment program might help provide opportunities for persons of faith to make that response in and through your church?

**Remember, “The Church is of God and will be preserved to the end of time...”**

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<sup>3</sup> Herb Miller, *Full Disclosure*, (Nashville: Discipleship Resources, 2003), p.27.

***CHAPTER II***

**THE ROLE OF  
UNITED METHODIST  
FOUNDATIONS  
IN PLANNED GIVING  
AND ENDOWMENTS**

“I didn’t know the Church had someone to help me do this.” This statement is heard often by United Methodist foundation staff members from donors who have been assisted in making gifts to benefit their church. These foundations often operate behind the scenes due to the confidential nature of working with donors, and therefore they may not be well known to many persons. Yet, the stewardship services provided by these foundations are of significant value to local churches and causes of the Church as well as to individual donors.

The finance leaders of Trinity Church invited a staff member from their conference/area United Methodist Foundation to make a presentation on endowments and planned giving at their monthly meeting. The speaker began by suggesting that an endowment fund could become the greatest blessing, or the greatest curse, a church ever had. “When earnings from endowments are used to merely fund the operating budget, the endowment becomes a curse upon stewardship for that congregation,” she said. Many of us have known churches where parishioners carry the attitude that they “don’t have to give” because “the church has all that money laid up to pay its bills.”

However, the Foundation staffer also pointed to the blessings that a properly structured endowment offers. She showed how Trinity Church could set up an endowment program where the principal donated would be protected and the earnings used year after year for missions or property maintenance or emerging ministries. Her wise counsel was to limit the use of undesignated endowment earnings to the operating budget of the church. Successful endowment programs are used to enhance and extend the mission and ministry of the local church.

The staffer also discussed the desire of many donors to make a planned gift, sometimes through a life income arrangement with the foundation and sometimes through their will, to a fund they know will last indefinitely. The importance of planned giving has been promoted by colleges and other non-profit institutions, and the foundation had the evidence to demonstrate that many United Methodists were inclined to make the same kind of gifts to their church when they realized they would be conserved and provided earnings for church ministries long into the indefinite future. The foundation even offered assistance in developing promotional materials for use by Trinity Church in publicizing its endowment program and how a donor could plan a gift to it.

The Foundation staffer went on to describe the conference/area United Methodist Foundation as being a member of the National Association of United Methodist Foundations. This Association requires every member foundation to adhere to a strict code of ethics and professional standards that ensure the highest possible integrity in dealing with donors and churches. She pointed

out that the fifty-one member foundations collectively manage some two billion dollars for United Methodist causes around the connection.

In response to the strong interest expressed by all the finance leaders at Trinity, the Board of Trustees suggested to the Church Council that the speaker be invited to return and provide leadership for an estate and gift planning workshop. The church agreed to sponsor the workshop, to which all adult members of the church were invited.

After the workshop, the leaders began to investigate the possibility of making planned giving an ongoing part of their church's stewardship program. They selected an ad hoc committee, which pursued the idea further and reported to the Church Council. The Trustees and the Church Council then requested that a Charge Conference be called to create a Permanent Endowment Fund Program.

The Permanent Endowment Fund Committee, with assistance and resources from the conference/area United Methodist Foundation, was organized and began designing a long-range plan, which included the dissemination of information and ideas about special stewardship opportunities for giving from accumulated assets as well as from current income. The committee chose to invest the assets of their endowment program through their conference/area United Methodist Foundation and thus insured the highest level of professional management and social responsibility for their funds.

The staff member of the conference/area United Methodist Foundation was invited to preach one Sunday at Trinity Church. The sermon created around the broader dimension of Christian stewardship, which involves all of that which God has entrusted to us, including our accumulated possessions.

Only a few weeks passed before the first gift was given to the endowment program, which was a rather significant gift of appreciated stock. The foundation staff was requested to assist the donor and was able to provide valuable information and counsel, which resulted in significant tax savings for the donor.

Numerous other gifts were made to benefit Trinity Church through the endowment program. Several members chose to establish life income gifts to benefit the endowment program of their church with their conference/area United Methodist Foundation serving as trustee.

Today, planned giving and the endowment program are a vital part of the stewardship program of Trinity Church, and best of all some new and exciting ministries are taking place that once were only dreams. The conference/area United Methodist Foundation played a vital role in helping Trinity Church begin this new and exciting stewardship adventure, and it continues to provide assistance, resources, and support to the church and its members in the following ways:

- The foundation provided leadership in planting the seed for a planned giving program through presentations in the church and consultation with church leaders.
- The foundation provided ideas and resources as well as hands-on assistance in the creation and organization of the Permanent Endowment Fund Program, helping to ensure the best structure and procedures.
- The foundation provided technical assistance both to the prospective donors and to the Permanent Endowment Fund Committee in the form of gift planning ideas and projections, tax deduction calculations, and estate analyses.
- The foundation provided professional funds management and investment services through its investment partnership for the endowment program assets as requested by the church.
- The foundation provided a wealth of planned giving ideas and resources for on-going stewardship education.

What the conference/area United Methodist Foundation did for Trinity Church can be done for your church. The purposes of the foundation include providing the services described above for Trinity Church in addition to many other valuable stewardship services. A call to the foundation office will start your church on a new and exciting stewardship adventure that will strengthen your church for mission and ministry today and tomorrow.

**NOTE:** The Trinity Church example is a composite, which includes many of the various services available through your conference/area United Methodist Foundation.

## ***CHAPTER III***

**WHERE DO WE GO  
FROM HERE?**

“Recognizing the place of “planned giving” in the stewardship program of the local church, the 1988 General Conference enacted legislation enabling an Endowment and Planned Giving Ministry Committee in every United Methodist Church. The legislation was updated in 1992, 1996, 2000, and again in 2004. In 2012 the name of the committee was changed to **The Endowment and Planned Giving Ministry Committee**. While this Committee is not a part of the *required* organizational structure, it can be one of the most important committees in the church. *The Book of Discipline - 2012* sets forth this permissive legislation in Paragraph 2534.

*Paragraph 2534. ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE.*

A Charge Conference may establish a local church Endowment and Planned Giving Ministry Committee.” (*The Book of Discipline - 2012*)

The Charge Conference, which elects other officers and leaders of the local church, can elect and empower an Endowment and Planned Giving Ministry Committee, and this Committee can provide vital leadership to this important aspect of the local churches stewardship program.

Prior to 1996, *The Book of Discipline* provided for a “Wills and Estate Planning Task Force,” but very few churches organized such a Task Force. In *The Book of Discipline – 2012* no provision is made for such a Task Force, but many of the responsibilities, which were given to the Wills and Estate Planning Task Force (if organized) should be given to the Endowment and Planned Giving Ministry Committee.

While Paragraph 2534 of *The Book of Discipline – 2012* permits the organization of local church foundations, in most cases the organization of an Endowment and Planned Giving Ministry Committee in the local church, which works cooperatively with the conference/area United Methodist Foundation, is preferred as a simpler, less expensive, and more effective approach. Local churches are urged to consult with their conference/area Foundation before considering a local church foundation. While creating an independent church foundation is possible, it can be expensive to establish and even more expensive to maintain due to extensive annual IRS reporting requirements.



## ***STEP ONE***

### **THE AD HOC COMMITTEE**

The familiar quotation – “A journey of a thousand miles begins with the first step” – certainly applies to an effective program of planned giving and endowment funding in the local church. A good “first step” begins with an Ad Hoc Committee made up of people who have a dream for their church, who want to see their church’s stewardship vision grow, and who want to see their church in the role of inspiring persons to be good stewards.

The Ad Hoc Committee should include the pastor and other staff related to the stewardship program along with several lay persons whose interest in planned giving and endowment funding has already surfaced or who would be open to considering some new and different stewardship concepts and procedures. Representatives from trustees and finance committees might also be considered.

The agenda for the first meeting might well include a visit from the Executive Director of your conference/area United Methodist Foundation. This resource person is skilled in matters related to gift planning, has assisted other churches in the establishment of endowment programs, and can provide valuable information, guidance, and resources for your church.

While the Ad Hoc Committee will spend much of its time brainstorming new ideas, its primary objective should be to prepare for presentation to the Church Council a recommendation that an Endowment and Planned Giving Ministry Committee be elected and empowered. The Ad Hoc Committee will want to make a strong presentation to the Board/Council, which should include:

- The personal benefits to members
- The financial benefits to the church
- An opportunity for questions
- Opportunities for personal witness and support
- A positive response to any negative reactions
- An official motion to endorse the creation of an Endowment and Planned Giving Ministry Committee and authorization to the Ad Hoc Committee to draw up a resolution creating this Committee for presentation to the Charge Conference (*Note: The Committee must be created and members elected by the Charge Conference. The Church Council is simply asked for its support and endorsement.*)

## ***STEP TWO***

### **CREATION OF THE ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

The Ad Hoc Committee should prepare a resolution to be presented to a regular or called Charge Conference for the purpose of creating the Endowment and Planned Giving Ministry Committee as described in Paragraph 2534 of *The Book of Discipline -2012*. The procedure to be followed for a Charge Conference is given in Paragraphs 247-248 (*The Book of Discipline -2012*) and should be carefully followed.

The resolution may be presented in the Charge Conference session by the chairperson or a member of the Ad Hoc Committee, or it may be presented as a recommendation from the Church Council. If the resolution is presented by the Ad Hoc Committee, it is preferable to have the prior endorsement of the Church Council. Once the Charge Conference votes to create an Endowment and Planned Giving Ministry Committee and elects members to this committee, the Ad Hoc Committee is dissolved.

The draft at the end of this chapter will provide valuable assistance to the Ad Hoc Committee as the resolution is prepared. Other helpful concepts and possibilities can be found in Appendix 3.

There are several matters that need to be taken into consideration as this Charge Conference resolution is drafted. Some of the pertinent concerns are discussed in the following paragraphs, but each church needs to address its own concerns and needs.

- A. Incorporated churches
- B. Relationship to the Board of Trustees
- C. Committee membership
- D. Scope of responsibilities
- E. Investment of Endowment Funds
- F. Limitation on Use of Principal
- G. Gifts to the Endowment Program
- H. Fiduciary Responsibility
- I. Promotion

## **A. INCORPORATED CHURCHES**

In cases where the local church is incorporated, the laws of the State relating to corporation should be carefully considered before a resolution is drafted. Special attention should be given to proper wording of the resolution especially as it relates to the directors of the corporation, their authority, and responsibilities.

## **B. RELATIONSHIP TO THE BOARD OF TRUSTEES**

Paragraph 2534 of *The Book of Discipline - 2012* explains that the Endowment and Planned Giving Ministry Committee “provide the services described in Paragraph 2533.5 as designated by the donor or at the direction of the Charge Conference...”

This permissive legislation may transfer areas of responsibility from the Board of Trustees to the Endowment and Planned Giving Ministry Committee.

- (1) to receive and administer all bequests made to the local church
- (2) to receive and administer all trusts
- (3) to invest all trust funds of the local church in conformity with the laws of the country, state, or like political unit in which the church is located. But, it should be noted that the committee, as was the case prior to this transfer of responsibility, is subject to the designation of the donor and/or direction of the Charge Conference.

The Endowment and Planned Giving Ministry Committee may be charged with any, all, or some of the above responsibilities. The key point should not be missed: The Endowment and Planned Giving Ministry Committee will promote the endowment program of the local church and promote planned giving among the church members. Too many churches neglect to do these things, and therefore too many church members do not realize they can, and should, consider a planned gift from their estate to their church as part of their stewardship responsibility.

While this is a transfer of specific responsibilities and authority, it is clearly in the best interest of the Board of Trustees and the local church to have these responsibilities delegated to a special committee, which can focus exclusively on these stewardship matters. The Board of Trustees can thereby be freed up to pursue other duties such as the care and maintenance of church property, providing adequate insurance coverage, establishment of policies for use of church facilities, etc. In many churches the Board of Trustees has discovered that once it fulfilled its responsibilities related to church real estate, little time, energy, or funds remained to consider matters related to gift planning and endowments.

[It should be noted that in the case of real property, the Charge Conference retains its responsibilities relating to that property as stated in *The Book of Discipline of The United Methodist Church*.]

## C. COMMITTEE MEMBERSHIP

The committee membership in the resolution draft presented at the end of this chapter is only a suggestion, yet there is good rationale for each member suggested.

1. The participation and involvement of the **Pastor** is crucial to the success of the planned giving program.
2. The **Chairperson or Representative of the Committee on Finance** will bring to the Endowment and Planned Giving Ministry Committee knowledge of finances within the church that will be beneficial in designing the total stewardship program (current and planned giving).
3. The **Local Church Treasurer** as a financial officer of the church is quite familiar with day-to-day needs and commitments of the church.
4. A **representative from the Board of Trustees** will provide valuable expertise while helping to preserve a good working relationship between the committee and the Board of Trustees. The area of concern that demands the major attention of the Board of Trustees, i.e. property matters, is often a major beneficiary of a planned giving and endowment program.
5. The **Church Council Chair** will understand the ministry needs of the local church and the concern of the Endowment and Planned Giving Ministry Committee to use endowment earnings for matters beyond normal budget items.
6. The inclusion of **three to five members nominated by the Committee on Nominations and Personnel** allows for persons with special expertise to serve on the Endowment and Planned Giving Ministry Committee.

**NOTE:** Professional persons should be named for their interest and expertise, not in an effort to secure free professional services. Since the other members will bring to the committee knowledge of current programs and finances of the church, the Committee on Lay Leadership should also give special consideration to persons who might be characterized as visionaries and who can provide strong leadership in expanding the church's concepts of Christian stewardship to include the wider and deeper dimensions of planned giving along with the opportunities afforded through creative endowment funding.

Several advantages are realized by the chairperson being named at the time the committee is elected:

- (1) Someone is already in place to convene the Committee.
- (2) Special expertise and other qualifications can be carefully considered as a part of the nomination process.
- (3) Committee members are given added confidence that the committee is ready to begin work.

#### **D. SCOPE OF RESPONSIBILITIES**

Paragraph 2534 of *The Book of Discipline - 2012* provides for the Endowment and Planned Giving Ministry Committee to have the opportunities, the responsibilities, and the authority to provide leadership for the local church in all matters relating to gift and estate planning, memorials and endowments. While it is considered best in most churches to give the committee the full authority permitted in Paragraph 2533.5, there may be some situations where modifications could be considered if failure to do so might prevent or delay the creation of and/or the effectiveness of the Endowment and Planned Giving Ministry Committee.

#### **E. INVESTMENT OF ENDOWMENT FUNDS**

If these services are available through your conference/area United Methodist Foundation, note that *The Book of Discipline – 2012*, Paragraph 2533.5 states “Consideration shall be given to the placement of funds with the conference or area United Methodist Foundation...for administration and investment.” Special attention also needs to be given to Paragraph 2533.5 – “The Board of Trustees [Endowment and Planned Giving Ministry Committee if this committee has been so authorized] is encouraged to invest in institutions, companies, corporations, or funds that make a positive contribution toward the realization of the goals outlined in the Social Principles of our Church.”

The investment services of your conference/area United Methodist Foundation, if this service is available, can help assure professional and socially responsible management of the fund’s assets. Conference/area United Methodist Foundations oftentimes offers the possibility of minimizing investment expenses and risk while maximizing investment return.

#### **F. LIMITATION ON USE OF PRINCIPAL**

The objectives of the endowment program are to conserve principal and make use of only the distributions determined by the committee. Often this will encourage those considering a substantial gift, since they may desire to see it be conserved for the indefinite future. Stating in the charter that any part of the principal may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of (NAME) United Methodist Church, will protect the principal. Requiring that any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Charge Conference of (NAME) United Methodist Church at which a quorum is present, will ensure that only under dire circumstances will the principal ever be invaded..

## **G. GIFTS TO THE ENDOWMENT PROGRAM**

Donors to the endowment program are encouraged to designate gifts to the following accounts established through this charter. A donor may establish a new designated Fund, provided the Fund and the gift are approved and accepted. Each Fund should have written guidelines clearly stating the purpose.

- A. DESIGNATED – The Mission Endowment Fund (for missions in and beyond the local church and community).
- B. DESIGNATED – The Maintenance and Property Improvement Endowment Fund (for maintenance, care, improvements or additions to, or construction of physical facilities).
- C. DESIGNATED – The \_\_\_\_\_ Endowment Fund (for example, Scholarship, Youth, Music, Cemetery, Library, Evangelism, Food Pantry, etc.).
- D. UNDESIGNATED – The General Endowment Fund (unrestricted, for needs and ministries determined by the church leadership).

**NOTE:** A church may have existing or designated funds that should be included under the stewardship of the Committee.

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the endowment program in keeping with the authority granted by the Charge Conference.

**NOTE:** Consideration might be given for administrative reasons to a minimum amount when a gift is designated to create a named permanent endowment. Consideration might also be given to allowing a specific time period in which such an endowment might reach a pre-set minimum amount. If the endowment does not reach that goal by the stated time period, then provision can be made for transfer of the gifts to the General Endowment or Designated Endowment. Once a named permanent endowment has been created, gifts of any size can be accepted. If such a policy is desired, it should be incorporated in this document.

Remember...individuals or families may approach your church about creating new named endowments, so it pays to have an upfront understanding and policies in place to cover the amount and time period needed in order to create additional endowments. A simply written donor agreement clarifying the intended use and scope of each new fund created can be a very useful tool to clarify expectations and prevent misunderstandings down the road. Your area/conference United Methodist foundation can be a vital resource to churches and individuals interested in creating or funding permanent endowments.

All provisions of the Endowment Program as to investment of funds, administration of funds, and limitation of use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the fund shall be accepted subject to the terms and limitations set forth in this document.

## **H. FIDUCIARY RESPONSIBILITY**

Fiduciaries have a legal and ethical requirement to consider both the long- and short-term needs of the beneficiary institution as they select an appropriate investment. The Uniform Management of Institutional Funds Act in 1972 and the UNIFORM PRUDENT INVESTMENT ACT in 1994 both give legal basis to the concepts of portfolio diversification, protection against inflation, and “total return” (percentage of market value instead of income). THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (UPMIFA) adopted in almost all states in 2006 and 2007, reinforces an appropriate percentage distribution (no higher than 7%) using a rolling three-year market value average.

When new endowments are established they will need time to grow before distributions are made. Since market performance, interest rates, and the size of a fund are not constant, consideration should be given to annual distributions of around 0% - 5% of a rolling three-year market average. Studies suggest that a 4% of a rolling three-year average will keep the real spending power of an endowment from decreasing due to inflation. In many instances, new funds do not make distributions for 18-36 months or until they reach a specified target value. Your conference/area United Methodist Foundation can help you evaluate the options. It is recommended that a formal distribution policy be included for each Fund created and approved by the Committee.

## **I. PROMOTION**

While the creation of an endowment program is not a prerequisite for a local church promoting and receiving planned gifts, it is a useful tool, and it helps to develop confidence among members who want to see that the church has a plan before they consider significant planned gifts. An Endowment Program will also open doors of opportunity for donors to make larger gifts from their accumulated assets than they might make as current gifts from their income.

A major opportunity facing the committee is the interpretation of the purpose and function of the endowment program. One of the effective ways this can be done is with an attractive interpretive brochure, which will introduce members and friends to the endowment fund. The following format might be used:

- Panel 1 – An attractive cover with the name/photo/drawing of the church and the words – “The Endowment and Planned Giving Ministry of (NAME) United Methodist Church”.
- Panel 2 – A mission statement for The Endowment Program.
- Panel 3 – Gift planning ideas – ways to give.
- Panel 4 – Brief description of the designated endowments (missions, property maintenance, and others) and the general endowment.
- Panel 5 – A coupon requesting additional information, a personal call, or a visit, and identifying who to contact in the church for further information.

Once the Endowment Program is in place and a primary interpretive brochure has been widely distributed, the foundation has been laid. The committee is now ready to chart the course for faithful stewardship of accumulated and accumulating possessions.

Subsequent chapters in this handbook offer creative ideas, suggestions, and resources to assist the committee in planning and executing an effective planned giving program in the local church. It is interesting to note that in churches where endowment programs are in place and where planned giving is an integral part of the stewardship program, oftentimes the current operating budget is also the recipient of significant planned gifts.



*This is a sample resolution. It may be reproduced and/or modified by the local church to meet its specific needs, but attention should be given to assure that the organization of the Endowment and Planned Giving Ministry Committee and the authority given to the Endowment and Planned Giving Ministry Committee be in compliance with The Book of Discipline of The United Methodist Church. We suggest that you allow The Holston Conference of the United Methodist Church Foundation, Inc., to review your document before it is presented to your Charge Conference for adoption.*

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## **DRAFT CHARTER**

### **The Endowment and Planned Giving Ministry Committee OF ( \_\_\_\_\_ ) UNITED METHODIST CHURCH (CITY, STATE)**

#### **THE PURPOSE**

The Endowment and Planned Giving Ministry Committee of ( \_\_\_\_\_ ) United Methodist Church, (City/State), hereafter referred to in the document as “the Endowment Program”, is established for the purpose of providing members and friends opportunities to make charitable gifts to the church that will become a source of permanent financial support and a living memorial. The Endowment Program is not intended to replace the regular giving of church members for established purposes and programs that are normally funded through the church’s operating budget. Rather, the endowments and other designated funds should enhance and expand the overall ministry and outreach of the church to make Disciples of Christ.

Paragraph 2534 of *The Book of Discipline – 2012* provides for the Endowment and Planned Giving Ministry Committee to have the opportunities, the responsibilities, and the authority to provide leadership for the local church in all matters related to gift and estate planning, memorials, and endowments. In keeping with Paragraph 2533.5 of *The Book of Discipline – 2012*, the Endowment Committee shall also assume responsibility to receive and administer all bequests and trusts and invest all trust funds of the church in conformity with the laws of the United States and the state of ( \_\_\_\_\_ ).

#### **ADMINISTRATION**

The Endowment Program will be administered by the Endowment and Planned Giving Ministry Committee of ( \_\_\_\_\_ ) United Methodist Church, hereinafter in this document referred to as the “Committee”, under authority granted by the Charge Conference.

The members of the Committee shall be elected by the Charge Conference and shall serve until their successors have been elected.

The following persons will constitute the membership of the Endowment and Planned Giving Ministry Committee:

- A. The Pastor
- B. The Chairperson of the Committee on Finance
- C. The Local Church Treasurer
- D. A representative from the Board of Trustees named by the Board of Trustees
- E. The Church Council Chair
- F. Four At-Large members to be elected by the Charge Conference to serve two-year terms (Initially two of the At-Large members will serve a one-year term).

The Chairperson of the Committee shall be nominated by the Committee on Lay Leadership from the membership established above and shall be elected by the Charge Conference. The Committee shall elect its own Secretary and such other officers and sub-committees as it deems necessary.

The Committee shall cooperate with the Finance Committee in assuring that the annual audit process (as stated in Paragraph 258.4d of *The Book of Discipline – 2012*) is followed. The Committee shall make a full report at least once each year to the Church Council.

### **INVESTMENT OF ENDOWMENT FUNDS**

The purpose of any endowment is to provide a long-term stable and secure source of financial support in order to facilitate the mission of the organization. To that end, the endowment funds will be invested in a diversified mix of stocks and bonds and use a total-return concept to help determine available funds for distribution. Proper investment and spending policies are essential in order for endowments to provide current income and growth of income for future needs while preserving principal and maintaining purchasing power against the relentless effects of inflation.

The Committee will seek investment of assets in institutions, companies, corporations, or funds, which make a positive contribution toward the realization of the goals outlined in the Social Principles of the United Methodist Church (Paragraph 717 of *The Book of Discipline – 2012*).

All gifts received by the Endowment Program shall be invested through the establishment of one or more accounts with the Holston Conference of the United Methodist Church Foundation, Inc., as determined by the Committee. The specific purpose of each account authorized by the Committee shall be stated in writing in order to fulfill the wishes of the donor(s) and thereby to segregate and maintain gifts for their stated purpose.

## **CHANGE IN INVESTMENT POLICY**

Any transfer of the Endowment Program assets for investment with another institution, other than the Holston Conference of the United Methodist Church Foundation, Inc., must be approved by a majority vote of a properly called Charge Conference upon recommendation from the Endowment and Planned Giving Ministry Committee and the Church Council.

## **LIMITATION ON USE OF PRINCIPAL**

The objectives of the Endowment Program are to provide growth, conserve the principal amount, and make use of only the distribution amounts as determined to be available by the Committee. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances bordering on the survival of (\_\_\_\_\_) United Methodist Church. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of a properly called Charge Conference.

## **DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM**

Distributions from accounts in the Endowment Program shall be made by the Committee as directed by this document, or as directed by a separate donor document or agreement, or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. The amount of all distributions shall be determined by the Committee, which shall keep in mind the Endowment Program investment objectives stated above in this document. The purposes and causes to which distributions from undesignated gift accounts are to be made shall be approved by the Church Council upon recommendation of the Committee. The purposes or causes to which distributions from designated accounts are to be made with input and direction from trustees or committees normally providing leadership for the particular area of ministry the fund is intended to enhance or as directed in a properly executed gift agreement, will, etc.

Annual distributions from all endowment accounts shall be made based on a total return concept, which will take into consideration income and both realized and unrealized capital gains in determining the amount of money available for distribution per terms of this agreement. The goal will be to maximize distributions, while protecting the spending power of the fund from inflation and enhancing the continued growth of the fund. It is anticipated that distributions will be in the 0%-5% range using a rolling three-year market value of the fund at year-end, but the actual distribution will be determined in accordance with the church's policies at that time. Studies suggest that a 4% of a rolling three-year average will keep the real spending power of an endowment from decreasing due to inflation. The annual available distribution (spending) amount may be placed in a separate spending account invested in a money market or other short-term investment until used or reinvested as directed. No funds shall be removed from an endowment account if its market value is

equal to or less than the value of the funds used to start the endowment plus the gifts added to it. Distributions from each endowment fund will start when the committee feels an adequate cushion exists in order for distributions to begin. Customarily, each endowment will need some period of time to grow before distributions begin.

**ENDOWMENT FUNDS**

- A. DESIGNATED – The Mission Endowment Fund (for missions in and beyond the local church and community as recommended by the Missions Committee).
- B. DESIGNATED – The Maintenance and Property Improvement Endowment Fund (for maintenance, care, improvements or additions to, or construction of physical facilities as recommended by the Trustees).
- C. UNDESIGNATED – The Memorial Endowment Fund (for general and special needs and ministries as approved by the church council).
- D. DESIGNATED – The \_\_\_\_\_ Endowment Fund (for example, Scholarship, Youth, Music, Cemetery, Library, Evangelism, Food Pantry, etc. as recommended by \_\_\_\_\_).

The Committee shall have the authority and responsibility to accept or reject any and all size gifts to the endowment program in keeping with the authority granted by the Charge Conference. All provisions of the Endowment Program as to investment of funds, administration of funds, and limitation and use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document. The Committee may establish additional designated accounts provided that there is a commitment to fund said account to a minimum level of \$ \_\_\_\_\_ as established by the Committee either through outright or planned gifts. New designated accounts will require a signed donor agreement, will, or other document which clarifies its use, etc.

**LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE**

In the absence of gross negligence or fraud, no member of the Board of Trustees of (\_\_\_\_\_) United Methodist or of the Committee of said church shall be personally liable for any action made or omission with respect to the Endowment Program.

**MERGER, CONSOLIDATION, OR DISSOLUTION OF ( \_\_\_\_\_ )  
UNITED METHODIST CHURCH**

If at any time (\_\_\_\_\_) United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Endowment Program shall be deemed to have been made in behalf of the merged or consolidated church, which

shall be authorized to administer the same in all respects and in accordance with the terms thereto. If (\_\_\_\_\_) United Methodist Church should ever be dissolved without any lawful successor thereto, Endowment Program funds, including both principal and interest to date, shall be turned over to the Holston Conference of the United Methodist Church Foundation, Inc., as a Permanent Endowment bearing the name of (\_\_\_\_\_) United Methodist Church, with the request that the earnings be used for missions and church development within the Holston Annual Conference. [See ¶2501 (Trust Clause); ¶2506 (Conformity with Local Law); ¶2513 (United Methodist Foundations); ¶¶2546-2547 (Merger); and ¶2549.5 (Discontinuation or Abandonment) of *The Book of Discipline – 2012*].

**AMENDMENTS**

Technical corrections and amendments to the Endowment Program, which do not alter the stated purpose of the Endowment Program, may be made by a two-thirds (2/3) affirmative vote at a properly called Charge Conference.

**SEVERABILITY**

If any provisions or any application of any provisions of the Endowment Program shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

**This Endowment Program Charter was adopted this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_ in a duly authorized Charge Conference of (\_\_\_\_\_) United Methodist Church, \_\_\_\_\_ (City), \_\_\_\_\_ (State) by a vote of:**

**\_\_\_ For \_\_\_ Against and \_\_\_ Abstained.**

\_\_\_\_\_  
**Recording Secretary**

\_\_\_\_\_  
**District Superintendent**

\_\_\_\_\_  
**Pastor**

***CHAPTER IV***

**ENCOURAGING**

**GIFTS**

“Your church’s ministry in planned giving and endowment funding can provide an exciting momentum for your church only if the members know about its many opportunities and possibilities. Organizing the Committee is never enough. Only when members and constituents understand the plans and catch the excitement and enthusiasm will planned gifts be made to fund the endowments, which will benefit the church.

Far too often in the local church we establish a committee, work out a plan, tell the congregation about it once, and then sit back and wonder why no one responds. It is critical that the work of the Committee include an on-going effort to help members and constituents understand how planned gifts can be beneficial to them and their church, to encourage (and assist) them in their gift planning, and to keep before them the value and importance of endowment funding in support of the mission and ministry of the Church.

One of the keys to any successful funding program is the communication of a clear vision of the mission and ministry of your church. People want to give, but in today’s world it is not enough to simply say, “You should give to the Church”. People want to know how their gifts will be used to accomplish God’s purpose through their church.

It is vital for success in the local church’s planned giving and endowment program that members and constituents:

1. understand and support the vision for mission and ministry.
2. know about the opportunities for giving.
3. understand the creative gift planning options available.
4. be given clearly defined and repeated opportunities to participate.

Not all persons are ready to hear your message at the same time. Some will respond the first time you give them an opportunity. Others will take longer to respond. That is why repeated efforts on your part are essential to success. There are times in everyone’s life when they are more responsive than at other times. The key to your promotional efforts is to have the information readily available at those key moments. Those key moments might include:

- Marriage
- Birth of a child
- Birth of a grandchild
- Death of a friend or family member
- Divorce
- Planning a long trip
- Reaching milestone “birthdays”
- Receiving a large inheritance
- Having the last child leave home
- Changing occupations
- Changing place of residence
- Setting the retirement date
- Change in tax laws
- Major illness
- Suggestions by a professional (e.g CPA, attorney)
- The need to dispose of property
- Selling the family business or investments
- Selling real or personal property
- Tax planning

As you can see, no one mailing or event will reach all the people at their key moment of receptiveness. You will need to include repeated ways through the year to inform your members of possibilities to respond. Let's look at some ways we might accomplish this in the local church.

## **A PROMOTIONAL PLAN FOR YOUR LOCAL CHURCH**

The promotional plan you design for your local church needs to include the following elements:

- I. Education of Leaders
- II. Promotional Mailings
- III. News Items
- IV. Special Programs
- V. Observances
- VI. Acknowledging Donors

### **I. EDUCATION OF LEADERS**

The beginning point of any program to encourage giving within the church is with the leaders of the church. There may have been success with some church programs, which use the strategy of saturating the entire congregation with information and then waiting for their response, but a program such as planned giving and endowment funding must begin with the local church leadership. A "law" which has proven itself many times over will prove itself again with this program – "Where the leaders lead, the congregation will follow". In other words, if the leaders do not support this effort, its success is compromised.

Inform church leaders about possibilities of giving to and funding ministry and mission through the Endowment Program emphasis. Does your church have "educational programs" for members of the Administrative Board/Council? If your church has scheduled two hours for a meeting, the business will probably take up the entire two hours. On the other hand, if a thirty-minute "educational opportunity" is built into the agenda, you will probably discover that the balance of the agenda can be completed in the remaining one and one-half hours.

Several times each year, schedule presentations at the Board/Council meetings to present aspects of giving to and through the Endowment Program. Such presentations might include:

1. Have the Board brainstorm how an Endowment Program providing \$25,000 income annually (approximately \$500,000 in assets) could increase their vision of ministry and mission in your community.



2. Invite the Executive Director of the conference/area United Methodist Foundation to visit and discuss with your Board/Council how a planned giving and endowment program can make a difference in your church.
3. Invite a local attorney specializing in estate planning to discuss the importance of every adult having a will and how charitable gift planning can be made a part of estate planning.
4. Let the chairperson of the Endowment Fund Committee (or another member of the Committee) make a brief presentation and lead a discussion on a particular charitable gift plan (such as the Charitable Gift Annuity and other life income plans, giving real estate, giving securities, etc.)
5. Invite a local CPA or tax attorney to talk about tax matters related to charitable giving.

The Committee will want to provide reports no less than annually (and after the endowment program is well on track, perhaps quarterly) to the Administrative Board/Council – funds received, programs funded, items purchased, and ministries funded through the Endowment Program. Never *assume* the church leadership knows what is going on in this program. Keep them informed regularly.

Because the local church trustees may be concerned about this type of fund in the church, initiate conversations at least twice a year with them about the progress of the Endowment Program. Invite the Trustees to brainstorm how they could use funds generated from the Endowment Program. (Oftentimes property care and maintenance are popular causes when members consider making planned gifts to support endowments for the local church.)

## **II. PROMOTIONAL MAILINGS**

Mail is one of the most effective ways to keep your congregation aware of estate planning issues and gift planning opportunities. The primary goal of these mailings is not to ask for money for any specific project or ministry, but to inform your members of ways they might give now or later through their estate plans. A goal of three or four mailings per year is preferable, but churches should not let limited funds for this many mailings prevent their starting with at least one.

Let's look at a couple of suggestions for these mailings before we look at what the mailing should include:

1. *Hand-address all envelopes.* Letters that are hand addressed are more likely to be read than those addressed by a machine. A hand-addressed envelope gets the readers' attention. It says, "this letter is to you." (Perhaps you are saying, "But we don't have enough time or energy to hand address all of those envelopes." So, let's look at it another

way. If you know that as a result of this mailing your church would receive a gifts of \$100,000, would you take the “time and energy” to do so? Well, it might happen.)

2. *Go to the effort and expense of mailing all of these materials* rather than handing them out to those who come to church. Placing them in the Sunday worship bulletin might seem on the surface to be a good way to save money on mailing cost, but it will also result in the materials being left in the pews. Also, those who do not come to church that Sunday would miss their materials if they were handed out rather than mailed; and the fact is that some generous planned gifts are made by members and constituents who do not attend or contribute regularly.

Every mailing should include:

1. A cover letter from the pastor, Administrative Board/Council chair, or chairperson of the Endowment Fund Committee. A custom written letter should be written to go with each brochure (See Chapter 7 – Resources for suggestions for brochures, leaflets, and other materials.)
2. An informational brochure. The subject of this brochure might be:
  - A. Your church’s endowment program or your memorial/honor fund program
  - B. Wills (one in a series of brochures on wills)
  - C. Gift plans (such as giving securities, giving through life insurance, giving real estate, giving through life income plans, etc.) (*Your conference/area United Methodist Foundation can be helpful in suggesting these brochures and where they might be secured.*)
3. Always enclose a response device. Mailings, such as described above are designed to prompt one to respond. You can design a response card for each mailing. For example: a mailing on wills might include the following opportunities for response:

<p>___ <i>I would like more information about wills</i></p> <p>___ <i>I have included the church in my will</i></p> <p>___ <i>I would like to talk to someone about my will</i></p> <p>___ <i>I would like someone to discuss with me a gift planning idea to benefit my church</i></p> <p>Name: _____</p> <p>Address: _____</p> <p>City/State/Zip: _____</p> <p>Phone: _____</p>
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### **III. NEWS ITEMS**

Articles in newsletters are excellent ways to remind members and constituents of gift planning opportunities. The best articles are stories of what has happened because of planned gifts to your church. For example, a brief article in the newsletter might tell about how funds from a specific endowment fund or the General Endowment Fund were used for ministry. There is probably nothing more important than celebrating endowment distributions to demonstrate the usefulness and good stewardship of church endowments.

Short articles and news reports will be read more than lengthy pages of information. Remember – if no one reads it, it doesn't really matter what the article or news report says.

Announce gifts to the Endowment Program as they are received (unless the donor had requested that his or her name not be announced). Providing a list of those who give and the names of those who are memorialized or honored is all that is necessary. Do not state the amount of the gift. How much someone gives now or through their estate is personal. Unless the family has given permission to share the size of a gift from one's will, that information should be kept within the leadership of the church. Telling the congregation that gifts have been received, however, encourages others to give.

In addition to articles in newsletters, include short "one-liners" in newsletters and bulletins, on bulletin boards and hymnal covers, and any place where someone might notice them. One-liners might include:

- Is your will up-to-date?
- Does your will include care of your minor children?
- Have you included your church in your will?
- Is your will keeping up with you? With your Christian commitments?
- Is the state's will your will or is God's will your will?
- A memorial gift goes on living and giving.
- Do you know how to make a charitable gift, and receive an income for life?
- Do you know you can make the church a beneficiary of a life insurance policy?

### **IV. SPECIAL PROGRAMS**

Special programs, presentations, workshops, and seminars are the next step in providing information about estate planning and gift planning opportunities. (You might like to include the community in your announcements and invitations.) These events should be designed for *those who*

*should be interested* as well as for those who have already shown an interest in planned gifts and the Endowment Program. In addition to announcing the special event to the whole congregation (and community), you will want to invite specific persons and groups of persons. Write a letter to those who have responded to any of your mailings, inviting them to your next special program. You might write, “Because of your special interest in this area, you will find this *Estate and Gift Planning Workshop* helpful in answering further questions you might have on this subject”.

When an event is designed with a specific audience in mind, attendance is usually better if you telephone or personally ask individuals to attend, in addition to sending invitations or announcing the program only in the bulletin or newsletter. For example, you might design a workshop specifically for parents and invite them to a workshop on *Estate Planning for Parents*. You might design a *Planning for Retirement Seminar* specifically for and invite those who are age 50 and older, or design an *Estate Planning Workshop* just for those who are retired. (Of course, in smaller membership churches, this interest and age specialization might not be possible. The focus audience for these events might need to be more general.)

Offer to present programs (and to assist in arranging for special speakers) for organizations and groups within your church, such as: United Methodist Women, United Methodist Men, specific church school classes, or the senior adult fellowship.

Plan each event well in advance of the announced date, allowing six weeks to two months for promotion. Once a date is set, invite the leaders and secure a commitment from them. Your chances of success in scheduling the best leadership will depend upon several factors, not the least of which is the lead time before the event, the level of enthusiasm you communicate, and the evidence of good planning on the part of the Endowment Fund Committee.

There are many options when it comes to appropriate events to lift up the causes of estate planning, gift planning, and endowment funding for the local church.

- Estate and Gift Planning Workshop
- Christian Financial Planning
- Charitable Gift Planning Seminar
- Wills Clinic

*(The following example of an agenda for an Estate and Gift Planning Workshop and an Estate Planning Seminar might be helpful.)*

## ESTATE AND GIFT PLANNING WORKSHOP

*(You might want to consider inviting a staff person from your conference/area United Methodist Foundation and/or a local attorney, trust officer or other professional advisor to lead this workshop. Special attention needs to be given to subjects to be covered and time limitations for all speakers/leaders.)*

- I. Opening
  - Welcome
  - Devotional
  - Statement of purpose for the workshop
  
- II. What is an estate?
  - How will my property be distributed?
  - What about taxes?
  
- III. My Will
  - What is a will?
  - Who needs a will?
  - What can a will do?  
Not do?
  - What does a will cost?
  - Do I need an attorney to draft my will?
  - How do I choose an executor/executrix?
  - Who should witness my will?
  - Where should I keep it?
  - What happens if I do not have a will?
  - Can my will be changed?
  - How often should it be reviewed?
  - What about estate taxes?
  - What is a codicil?
  - How can I remember the church in my will?
  
- IV. Creative Gift Planning
  - Cash
  - Bequests and devises (discussed earlier in “My Will”)
  - Securities
  - Real estate
  - Tangible personal property
  - Gifts through life insurance
  - Life income gifts
  - Gifts through retirement plans
  - Gifts through business
  - Change-Your-Mind gifts
  - Income interests
  - Transfer on death accounts
  
- V. Planned Giving and Endowment Funding in the Local Church
  - Why “planned giving” in the local church?
  - Endowments and other opportunities in our church
  
- VI. Other Documents
  - Durable Power of Attorney for healthcare
  - Durable Power of Attorney for financial affairs
  - Living will
  
- VII. Closing
  - Thank all who attended
  - Invite attendees to remain and discuss personal matters with leader(s)
  - Close with prayer

***FOLLOW-UP:*** *One of the keys to success in a program like this is “follow-up”. During the week following the event, send those who attended a brochure (linked to the theme of the program) and a letter of appreciation for their attendance. Invite their response to the event and inquire to see if they need any additional information. If your conference/area United Methodist Foundation publishes a newsletter, send the names and addresses of all attendees to them and request that these persons be placed on the mailing list to receive this newsletter. The information in this newsletter will be supportive of what you are doing in the local church, and it will inform your members there is professional assistance beyond their local church available to them.*



## **V. OBSERVANCES**

Designate a special time to remember those who have died during the past year and to consecrate those gifts which have been received. The time used by most churches is either memorial Sunday (in May), All Saints Sunday (in November), or Homecoming Sunday (or the local church's anniversary celebration). Any time you plan such an observance can be appropriate, but NOT planning such an observance is a mistake.

An annual Planned Giving Sunday or Permanent Endowment Program Sunday is also a time to project your vision for the next year. Use this time to share your vision, goals, and plans for special programs throughout the year. Remember, every time you tell what has been done and what you plan to do, you are planting a seed in people's hearts and minds.

## **VI. ACKNOWLEDGING DONORS**

The first thing we do when we see a list of donors is find our own name on the list (if we have given), or, if it is a list of memorials, we look for the name of our friend or family member who has been remembered. Recognition and appreciation go a long way in encouraging giving to and through the church for the ministry of Jesus Christ in the world. People need to know their giving makes a difference and is appreciated. People will oftentimes "say" they do not expect any recognition for what they have done, but not to give the proper recognition is a mistake. The church sometimes does a poor job of saying "thank you". We often treat members and others who give as if they are just doing what they are supposed to do, and we therefore excuse ourselves as leaders of the church for not saying "thank you".

The best way to encourage repeat giving is to send a note of appreciation for every contribution. Establish a policy for your Permanent Endowment Fund Committee to send a short (preferably hand written) note of receipt and appreciation within a week of every gift. (In the case of regular contributions to the operating budget of the church, quarterly statements provide an acknowledgement of contributions, but in the case of planned gifts to the Permanent Endowment Program each contribution should be acknowledged individually.)

In a regular and timely manner, send a list of all those who have contributed memorial gifts to the family or next-of-kin. Give a list of those who have contributed, but never the amounts. You may also want to keep the family posted about the total that has been received.

Unless anonymity is requested, the names of all donors should be honored and perpetuated in a Book of Remembrance. This Book of Remembrance should be kept in a public setting. This Book will not only recognize donors and lift up a memorial thought for the person remembered, it will also serve as a reminder to those who might consider making such a gift themselves.

List all memorial gifts in the church newsletter and worship bulletins. Never list the amount of gifts unless they are of exceptional size and you have been given permission by the donor to do so.

## **MODEL FOR THE LOCAL CHURCH**

The following model offers suggestions for promoting estate planning, planned giving, and endowment funding in a local congregation.

### **“A Three-Year Plan For Promoting Your Church’s Planned Giving Emphasis”**

#### **YEAR ONE:**

- Two educational presentations to Administrative Board/Council **during the year.**
- Mailings:

<b>February</b>	Endowment Program promotional brochure
<b>May</b>	Wills series brochure
<b>August</b>	General planned giving brochures
- **Quarterly** articles in church newsletter.
- One-liners in bulletin once **each month.**
- Estate and Gift Planning Workshop (basics of estate planning and charitable gift planning) **at best time for the local church.**
- Memorial Observance or Service of Remembrance **on appropriate occasion.**
- Target Group Presentations (i.e. UMW, UMM, Senior Adults) **as often as possible.**



## YEAR TWO:

- **Quarterly** educational presentation to Administrative Board/Council
- Mailings:
  - February** Wills series brochure
  - May** Estate Planning brochure
  - August** Wills series brochure
  - November** Life Insurance brochure
- **Monthly** articles in church newsletter
- One-liners in bulletin **twice each month**
- An Estate Planning Seminar (more intensive estate planning) **at best time**
- Memorial Observance or Service of Remembrance **on appropriate occasion**
- Target Group Presentations (i.e. UMW, UMM, Senior Adults) **as often as possible**

## YEAR THREE:

- **Quarterly** educational presentation to Administrative Board/Council
- Mailings:
  - January** Wills series brochure
  - March** Living Trusts brochure
  - May** Wills series brochure
  - August** Planned Giving brochure
  - November** Year-end Giving brochure
- **Monthly** articles in church newsletter
- One-liners in bulletin **twice each month**
- A Charitable Gift Planning Workshop **at best time for local church**
- Memorial Observance or Service of Remembrance **on appropriate occasion**
- Target Group Presentations (i.e. UMW, UMM, Senior Adults) **as often as possible**

***CHAPTER V***

**MEMORIAL**

**AND**

**HONOR**

**GIVING**

“People have both a need and a desire to give. Some want to give now and see the effects of their gift. Others want to give so that their gift will keep on giving long after they are gone. In either case, the church has an opportunity to assist them in responding to their need and desire to give.

Most information about giving to and through the church focuses on “funding the budget” through commitment programs, but there are other ways and times where giving opportunities are present. Memorial and honor gifts are good examples of these “other” opportunities to give, and they afford meaningful ways for family, friends and the congregation to remember persons of faith and special events in their life’s journey.

The basic purpose of memorial giving is to remember a deceased person or past event. There may be times when persons choose to make a memorial contribution in lieu of flowers at the time of a funeral. There may be a desire to remember someone who died some time ago. There may even be a desire to make a memorial contribution on the anniversary of the birth or death of a family member or friend. These and other occasions offer opportunities to make meaningful memorial gifts.

Honor giving, on the other hand, is to honor a living friend or loved one or to celebrate a special occasion. There may be a person for whom you have wanted to do something special. There may be someone who doesn’t need anything, who “has everything”, yet you want to do something for him or her. These “living memorials” or honor gift opportunities may provide ways to remember a birthday or anniversary, other special events, or they may offer a good way to say “thank you”. What better way to express such deep feeling of gratitude, remembrance, and celebration than through the Church, which shall for all times be involved in spreading the Good News of Jesus Christ throughout the world.

## **I. ORGANIZATION**

Memorial and honor gifts are best handled through the structure of the Permanent Endowment Fund Committee, which may be established by the Charge Conference (*See Chapter II*). You may choose to have a sub-committee of the Permanent Endowment Fund Committee for memorial and honor gifts. This sub-committee will be helpful in recommending ways to promote, receive, record, acknowledge, and direct memorial and honor gifts.

In many churches, memorial and honor gift funds have been allowed to accumulate, sometimes into the thousands of dollars. Sometimes these funds are not even invested in interest

bearing accounts. People give memorial and honor gifts to be used either to meet current needs or to provide funding for future needs. When the gifted funds are not used or wisely invested to fund future needs, donors are not only discouraged from making future gifts, but they oftentimes look elsewhere for causes to which they will make future memorial gifts.

It is essential to have guidelines for memorial and honor gifts. Having to gain consensus of numerous members of a family and certain leaders of the church as to the use of certain memorial funds can be a difficult experience. It is much better to have guidelines in place before the gifts are given than to face the need to make decisions after the gifts are in place. In this way the donor knows when making his or her gift how the gift will be used.

Many churches have encountered difficulties when guidelines are not in place. For example, in one church memorial contributions were given at the death of a member of the choir. Many of those who contributed stated that they would like their gifts used to purchase new choir robes. But only \$500 was contributed toward a project that would cost \$1,500; thus the money sat idle in a checking account (bearing no interest). Two years later, donors began to ask, “What happened to my memorial gift? Where are the new choir robes?” Some members were quite disappointed and said, “That’s the last time I will give a memorial gift to the church.” Clearly drawn and publicized guidelines could have avoided this problem. For example, had there been guidelines in place, which addressed how memorial gifts would be handled, which were not of adequate size to accomplish the purpose stated by the donor(s), considerable disagreement and disappointment might have been avoided. What became “an excuse not to give again” could have become “a good reason to make another memorial contribution”.

## **II. ENCOURAGING MEMORIAL AND HONOR GIFTS**

The Permanent Endowment Fund Committee should report regularly to the Church Council on all of its activities. This reporting process might include a quarterly report on memorial and honor gifts, which have been received. The more information given to leaders and members of the church, the more encouraged they will be to make gifts. A false assumption in many churches is that everyone knows everything that is going on in the church. This is not the case. We all need reminders, at appropriate times, lest we forget.

Church leaders often ask why members make so many significant memorial and honor gifts to other institutions and so few to their church? The answer is simply that many churches do not ask their members to consider memorial and honor gifts to the church, they do not have a plan in place

to receive and administer such funds, and they have not helped members and friends learn how to make such gifts.

Special gifts like memorial and honor gifts need promotion. These kinds of gifts do not “just come in”. People need to be reminded how to make memorial and honor gifts at the death of loved ones and friends, at times of celebration, or when they think about someone they intended to remember or honor but have overlooked. Reminding people once each year is not enough. Keep the message before your church membership with one-liners in the church bulletin and newsletter, such as:

- “Do you know that when you give a memorial gift to your church, a notice of your thoughtful gift will be promptly sent from the church to the family of the deceased?”
- “Someone gave an honor gift on the occasion of his wife’s birthday. Is there something you have to celebrate?”

Every time your church acknowledges a gift or announces that a gift has been made in memory or in honor of someone, other persons are encouraged to make similar gifts.

An attractively designed brochure or gift envelope can be used to inform members and friends how they can make memorial and honor gifts. A brochure should inform prospective donors about the guidelines your church has for these kinds of gifts while offering assistance to them in making their gifts. It should include a list of all approved endowment and designated accounts maintained by the Permanent Endowment Committee and perhaps offer other ideas of needs the church has as well as offer gift-giving options. While the list need not be exhaustive or limiting, it can be useful in guiding donors to choose useful and needed gift ideas over those which may not be as useful or needed by the church. This list will change as new needs arise and as ideas on the list have been funded. Keep it up-to-date.

Be creative with the “dream list” so that it will speak to large as well as small gift prospects and to permanent and long-range needs as well as current needs. Do not be afraid to include large gifts as well as small ones on your list. For example:

- The General Endowment Fund
- The Building & Maintenance Endowment
- The Mission Endowment Fund
- Gifts to endow scholarships for church youth attending United Methodist Colleges
- A gift to endow the music program
- A fund to send children to camp
- A new building or building improvements
- A new organ, choir robes, hymnals, etc.
- Altar flowers for Sunday worship
- Appropriate art for the church buildings
- Landscaping for the church grounds
- A scholarship fund for seminary students
- A fund to support creative Youth ministries

The brochure should also have a tear-off form that provides space for the donor to indicate:

- ◆ Name/Mailing Address
- ◆ Name of person to be remembered or honored
- ◆ Address of family (memorial gift) or honoree (honor gift)
- ◆ The amount of the gift
- ◆ Designation of the gift (if it is to be designated)
- ◆ Undesignated gift

A special Memorial/Honor Gift envelope is extremely helpful in encouraging persons to make memorial and honor gifts. A very few such gifts will more than offset the cost of printing these envelopes. The envelope should have a full flap to give adequate space to print information about Memorial/Honor Gifts on the outside of the flap. On the inside there should be adequate space for the same information suggested above for the brochure.

Memorial/Honor Gift envelopes should be easily accessible in the pew racks, narthex, etc. at all times. Some churches have a custom of placing these envelopes in the worship bulletin where such is used for funerals or memorial services (when the family has been consulted). Some funeral homes permit these envelopes to be distributed with memorial bulletins or folders, which are distributed at services held in the chapel of the funeral home. Again, this should be done when the family has indicated that memorials may be made and has given approval for the envelopes to be distributed in this way.

A letter from the pastor, the chairperson of the Permanent Endowment Fund Committee or Memorial/Honor Gift Sub-Committee, or another church leader to each family in the church can provide an effective introduction to memorial and honor gift opportunities. Two or three brochures with a tear-off coupon or special memorial/honor gift envelope should be enclosed with an explanation that these are being provided for them to use throughout the year when they want to make these kinds of gifts. Also, tell them how to secure additional brochures in a positive note that says, “We know you will be using these...and more”.

When the thank you and acknowledgement is sent to the donor who has made a memorial or honor gift, be sure to enclose a new Memorial/Honor Gift brochure or envelope. Perhaps a P.S., if the acknowledgement is in the form of a letter, would be appropriate: *P.S. We have enclosed a Memorial/Honor Gift Envelope should you choose to make future memorial/honor gifts.* Use every opportunity to remind persons of memorial/honor giving and how they can make such gifts.

### **III. OBSERVANCES**

Many churches also annually plan a “Service of Remembrance” on a specific Sunday morning. (This idea was mentioned earlier in Chapter 3 – “**V. OBSERVANCES**”, since the celebration of this special Sunday is important to the families involved, to the memorials program, and also to the entire planned giving and endowment program.) Let the focus of this worship experience be “remembering the saints” and those who have died during the year. This can become one of the congregation’s most meaningful worship experiences. Two particular times for such a service are Memorial Day Sunday and All Saints Day even though both of these days may create timing problems in your church for this celebration. (On Memorial Day weekend many families may be out-of-town and not present at worship. All Saints Day comes in the fall when your church may be involved with your annual budget campaign.) The church might therefore consider another Sunday such as “Homecoming Sunday” (if that is observed), “Heritage Sunday”, or “Anniversary Sunday”. The church can choose its own day, but make it a high moment in the life of the congregation.

The pastor is usually the first contact from the church with families when someone dies. The planning of the funeral oftentimes involves wishes of the family regarding memorial contributions. The pastor should be prepared to offer suggestions as to how this can best be handled. Brochures or memorial envelopes can be placed in the narthex of the church prior to the funeral or if permissible on the registration stand at the funeral home. This is not a fund-raising effort on the part of the pastor or church. Instead, it is an effort providing answers and guidance for those who wish to honor the memory of their loved one or friend by giving a gift that in turn will help and serve others.

Remember, if the idea of making memorial gifts to the Church is not intentionally lifted up and the opportunity to give such a gift is not made convenient, these gifts will in all probability be given to other institutions and causes – or perhaps not given to any cause. Many of us have good intentions of making these kinds of gifts, but unless the church makes it convenient, we may forget to do so.

Memorial and honor gift opportunities give us meaningful ways to express some of our deepest feelings. They offer unique ways for us to express our Christian stewardship as faithful disciples of Jesus Christ. When we make these special gifts we are blessed with good thoughts and warm feelings. We have remembered and honored those who are dear to us and at the same time made possible a special ministry in the name of Christ through the Church.

#### **IV. ACKNOWLEDGEMENT / DONOR RECOGNITION**

Every donor has a need for recognition. This may not be a formal expression, such as the placement of a plaque in an appropriate place in the church (or it may be). It may be simply saying “thank you” in the most appropriate way. The Permanent Endowment Fund Committee (and the sub-committee on Memorials and Honor Giving) needs to develop *the art of saying “thank you”* so that every donor receives that level of recognition and thanks, which reinforces good feelings and makes the donor glad he or she gave this special gift.

In less than 24 hours after a memorial or honor gift is received, a notice should be sent to the family or next-of-kin (in the case of memorial gifts) or to the honoree (in the case of honor gifts) informing them of the gift, the donor, and the cause for which the gift was given. At the same time, an acknowledgement should be sent to the donor and should include (1) the amount of the gift, (2) the name of the person(s) remembered or honored, (3) how the gift will be used, and (4) an expression of thanks for the gift.

Where several persons gave a number of gifts, you might consider informing the family or honoree the total of all gifts, but never disclose the amount of individual gifts to the family of the person memorialized or to the person honored unless the donor has specifically asked that this be done.

Use your church bulletin and newsletter to announce memorial and honor gifts that have been received and the persons remembered or honored by these gifts. (Again, never indicate the amount of individual gifts.) Seek out appropriate ways to say “thank you” and to recognize gifts, and the donors will look for additional opportunities to make memorial and honor gifts to the church.

“The first step in asking for a new gift is the acknowledgement and thank you for the last gift.” It is extremely important to the success of the Memorial and Honor Gifts Program that every gift be properly acknowledged and that the appropriate “thank you” be expressed.



***CHAPTER VI***

**CHARITABLE**

**GIFT**

**PLANNING**

“There are many ways to give. The wise steward looks at that which God has entrusted to him or her and decides what will constitute a worthy gift. It therefore follows that one needs to decide:

- How much to give
- To what cause(s)
- When to make the gift(s)
- How the gift(s) can best be made

The purpose of this chapter is to help the Permanent Endowment Fund Committee position itself so that donors can receive both information and assistance in making these decisions. While this chapter is not an attempt to provide an exhaustive and comprehensive listing of all gift options, it is presented as basic information about the most common vehicles or options for charitable gift planning.

Unless you are an attorney, a CPA, or a development officer, there is no need for you to become an “expert” on these gift plan options, but a basic knowledge will be valuable as you provide leadership in your church’s stewardship program. Both the church and the donor can secure the detailed professional advice and assistance needed from qualified professionals. While conference/area United Methodist Foundations may not be able to provide legal and tax advice, they are positioned to be a valuable source of information and guidance in matters relating to all the charitable gift plans. We welcome opportunities to assist both the church and prospective donors.

## **1. GIVING CASH**

The cash gift is always a welcomed gift to any charitable cause. More people give cash (usually in the form of a check) than any other type of gift. Cash gifts may be deductible on your income tax return if you itemize deductions (limited to 50% of adjusted gross income). However, the cash gift is sometimes smaller than the donor would like to give because of limited cash available at the time of the gift. The cash gift may also cost the donor more to give than a gift of some other kind of property. Thus, the donor is also encouraged to look at other kinds of gifts.

## **2. GIVING APPRECIATED SECURITIES**

A gift of appreciated securities may enable the donor to give at a lower cost. In addition to the donor benefiting from a charitable tax deduction for the full value of the capital gains may also be avoided on gifted long-term securities. Many persons own appreciated securities paying minimal dividends, which they have chosen not to sell due to the capital gains consequences. (If the owner

sells these securities, capital gains tax must be paid on the difference between their tax basis, i.e. the cost of the securities and the value at the time the securities are sold.)

When giving appreciated securities, the donor not only satisfies a need and desire to make a charitable gift, but also takes advantage of making the gift at reduced cost. If the proper procedures are followed, the donor can avoid paying any capital gains tax and, the church receives the full value of the appreciated securities to benefit its ministries.

### **3. GIVING THROUGH YOUR WILL**

The easiest way for many persons to make a charitable gift may well be through their will. Yet, few church members have included their church in their estate planning.

Statistics indicate that more than half of all American adults who die each year die without a valid will. If there is no valid will, the laws of the state decide the disposition of one's estate – and in no state are charitable gifts a part of that plan of distribution.

It is very unlikely that many members of your church have made any provision to include their church in their wills. And, records indicate that most persons who have made charitable gift planning a part of their will have included their college or university, a medical center, or some national charity (such as the American Cancer Society, The American Bible Society, or the American Heart Association)...but not their church.

These are all good causes, but the question arises, “Why are so many other causes named in wills and not the Church?” The majority of church members have not included the church in their wills because no one ever seriously asked them or explained how and why they might consider doing so. The other charities have clearly given them this option and provided both information and assistance in carrying out this act of Christian stewardship.

There are several ways to include charitable giving through your will:

- A. A fixed amount: Your will can state a specific amount, which you would like to be given to your church or other cause of the Church following your death.
- B. A specific item or some designated property: Your will can direct that specific real or personal property be given to your church following your death.
- C. A percentage of your estate: For many persons it may be better to designate a percentage of your estate rather than a specific dollar amount. That percentage will then grow or shrink in the same proportion as your entire estate.

- D. A residual bequest: After all other bequests are granted, the residual (what remains) can be left to your church. The residual might also be left to your church in addition to a specific bequest named earlier in the will.
- E. A contingent bequest: A contingent bequest can ensure that if circumstances make it impossible to carry out your primary provisions (as when your spouse or other heirs do not survive you), your assets will then pass to the ministry you designate rather than to unintended beneficiaries.

Members can also leave the remainder of a trust to benefit their church. Through the use of a testamentary trust, a family member (or anyone named) can receive the income from designated assets for their lifetime or for a specific number of years. Following the death of that person (or at the end of the stated number of years) the remainder in the trust goes to the church.

#### **4. GIVING REAL ESTATE**

Some of the largest charitable gifts made each year are gifts of real estate. Gifts of real estate can be made in a variety of ways:

An outright gift. Many of the same advantages indicated earlier for gifts of securities apply to gifts of real estate. Thus, highly appreciated real estate makes a very cost-effective gift since a charitable income tax deduction may be realized along with the avoidance of capital gains taxes. If the income tax deduction is larger than the donor can take the year of the gift, the excess may be carried over for up to five additional years. (Some special benefits may also exist for the donor of depreciated property.)

Reserving a life estate. The donor who deeds his or her home or family farm to the church, while reserving the right to use the property for life, benefits from a significant income tax deduction (the year the gift arrangement is made) for the present value of the gift to the church and removes the property from the reach of estate settlement expenses.

Funding a life income gift. There are numbers of life income plans, which can be funded with real estate. Each plan has unique benefits for the donor as well as for the church to which the gift is made. The donor can benefit from a life income and may also benefit from significant income tax deductions, avoidance of capital gains tax, and a reduction of estate taxes.

## 5. GIVING PERSONAL PROPERTY

Personal property such as automobiles, works of art, antiques, coin or stamp collections, jewelry, and other items can make generous gifts to the church. There are some tax benefits for the donor, which depend upon the value of the property given and how the gift is to be used by the church.

## 6. GIVING THROUGH LIFE INSURANCE

There are many ways to make charitable gifts through life insurance – each with significant benefits for the church and for the donor.

A paid-up policy. The owner and beneficiary designations can be changed to the charity, and a charitable deduction equal to the replacement value of a comparable policy may be realized by the donor.

A policy on which you are still paying premiums. The charity can be made owner and beneficiary, and the cash value (at the time the policy is given) plus all future premiums paid may be treated as charitable deductions.

A new policy to benefit the church. When the church is both owner and beneficiary, the donor's premiums may be treated as charitable deductions.

Name the church as a beneficiary of an existing policy. The church can be named to receive all or to share in a portion of the death benefits payable through the policy.

Assign the dividends of the policy to the church. The dividends become tax-deductible contributions to the church.

Use an insurance policy to replace gifted assets. Life insurance is useful in replacing assets, which have been given to the church; then family members will receive as much (or more) than they would have otherwise received through the will.

Use a life insurance policy to guarantee a charitable pledge. This policy might be a part of the donor's gift, or the charity might decide to purchase the policy on its own. This procedure is often used in case of significantly large pledges.

Life insurance can be used to fund future life income arrangements. Life insurance proceeds can fund a trust, which will in turn provide future income for a family member with the trust remainder going to the church after a specified number of years or at the death of the trust's income beneficiary.

Remember, the fact that one is uninsurable does not always rule out using life insurance to make charitable gifts since the policy can be written on the life of another family member.

## **7. GIVING THROUGH LIFE INCOME PLANS**

There are times when people want to give an asset they own to the church, but they need (or want) to retain the lifetime income from that same asset. For these people, life income gifts provide excellent opportunities to make a gift while retaining the income for a specified number of years, for their lifetime, or for their and their spouse's lifetime. Life income gift plans offer opportunities to plan for educational expenses, retirement needs, and other present and future needs of family members along with significant income tax and estate tax advantages. The income can be fixed or variable, depending on the needs and desire of the donor. Examples of life income gift plans are:

Charitable Gift Annuities	Charitable Remainder Unitrusts	Pooled Income Funds
Deferred Payment Gift Annuities	Charitable Remainder Annuity Trusts	

Your conference/area United Methodist Foundation can assist donors with life income gift plans. It may serve as trustee and administer such plans, which benefit local churches and other causes of the Church that the donors have designated, or if it does not serve as trustee it may assist the donor in securing a trustee. Conference/area United Methodist Foundations have expertise and technical support to work together with the local church and the donor to accomplish the needs and wishes of both the donor and the church.

## **8. GIVING INCOME GIFTS**

The charitable lead trust has been called the reverse of a life income trust. The donor, through this gift plan, assigns the income to the church with the remainder (at a specified time) being returned to the donor or passed on to other family members. There can be significant tax benefits to the donor since a charitable tax deduction is available up front when the charitable lead trust is created.

## **9. GIVING THROUGH RETIREMENT PLANS**

Donors can oftentimes include the church as a beneficiary of their IRAs, profit sharing plan, Keogh Plan, tax sheltered annuity, or other pension plans. The charitable gift thus comes from the remainder in the plan following the death of the donor and/or all other named beneficiaries. Not all retirement plans allow this to be done, but with plans that do, donors will need to discuss this with their plan administrator and complete the necessary documents to name their church as a beneficiary:

- to receive part or all of the remainder.
- as a secondary beneficiary of the remainder in the plan, only after the death of the donor and spouse.
- as the final beneficiary to receive any remainder in the plan when all other beneficiaries are deceased or have waived their claims to the remainder.

## **10. GIVING GOVERNMENT BONDS**

U.S. Government Saving Bonds may NOT be used to make outright gifts, but they may very meaningful gifts through one's will. The full face value is deductible for estate tax purposes when you bequeath the bonds to the church in your will. Unlike an individual heir, the Church is tax-exempt and will not pay income tax when the bonds are redeemed.

## ***CHAPTER VII***

## **RESOURCES**



## **THE HOLSTON CONFERENCE OF THE UNITED METHODIST CHURCH FOUNDATION, INC.**

The United Methodist Foundation is uniquely equipped and charged with promoting planned giving throughout the Conference. We assist local churches in establishing permanent endowment funds, a permanent endowment fund committee and an ongoing planned giving education program. We offer the following services:

1. The Foundation helps to plant the seeds for a planned giving program through formal presentations, workshops and committee/leadership gatherings in the church.
2. The Foundation provides a step-by-step process, which enables churches to establish a Permanent Endowment Committee and can continue to consult with and support their efforts into the future.
3. The Foundation provides ideas, resources and leadership in sharing and interpreting planned giving opportunities and options.
4. The Foundation provides resources and leadership for wills or charitable estate planning seminars in the local church.
5. The Foundation can help potential donors “confidentially” clarify their charitable gift giving goals.
6. The Foundation can assist churches in developing gift acceptance, distribution and investment policies.
7. The Foundation can meet with interested individuals to review gift planning ideas, income projections, tax deduction calculations and estate planning options to benefit their church and other ministries.
8. The Foundation can provide the resources and materials for an effective on-going planned giving program in the local church.
9. The Foundation can provide professional funds management/investment services for the permanent endowment funds and other designated assets as determined by the local church.
10. The Foundation can act as managing trustee for charitable trusts, which ultimately will benefit a United Methodist churches or institutions.
11. The Foundation can offer gift annuities or other planned gifts, which provide income to the donor and ultimately benefit the local church.
12. The Foundation can evaluate the church’s planned giving program and recommend adjustments to improve its effectiveness.

There are no fees for the services of the Foundation other than management fees on assets held and invested through the Foundation. Stewardship of church funds is our area of ministry to other ministries.

## **THINGS A PASTOR CAN DO TO ENCOURAGE PLANNED GIFTS**

1. Preach on Biblical themes pertaining to being good stewards of one's trust from God (including one's income and accumulated possessions).
2. Teach in adult education settings the subject of responsible Christian stewardship in matters of personal financial planning and estate planning.
3. Counsel with persons as part of your pastoral ministry on the importance of wills and estate planning, especially in conjunction with premarital counseling, preparation for baptism of children, counseling at times of health crisis or at the death of a spouse, and pre-planning funeral arrangements.
4. Encourage the formation of a "Permanent Endowment Fund Committee" in the local church, which will in turn seek to promote bequests, life income gifts, and other planned gifts in the life of the congregation.
5. Educate yourself about planned giving opportunities drawing upon basic information available through your conference/area United Methodist Foundation. Study and become familiar with this resource, *PLANNED GIVING HANDBOOK FOR LOCAL CHURCHES*, and other sources, which the foundation office can recommend.
6. Communicate with church members through various church media channels about the importance of Christian estate planning and the opportunities for giving through careful, prayerful, and creative gift planning.
7. Encourage the lay leadership to plan (and attend, and support) stewardship events in the local church such as Estate and Gift Planning Workshops, Estate Planning Seminars, workshops on Creative Gift Planning, and Financial Planning Seminars.
8. Develop a long-range planning process with the congregation culminating in a mission statement, which includes endowment funding for the church's mission and ministry to and with future generations.
9. Acknowledge personally and publicly the receiving of bequests and other planned gifts, which benefit the local church as a way of encouraging others as well as a way of saying "thank you" to donors.
10. Celebrate with gratitude what faithful friends have made possible through planned gifts that support the ministry and mission of the church today (in other words, what is being made possible because of planned giving and endowment funding).
11. Evaluate your own estate plan. (Have you included the church or other charitable institutions in your will?)
12. Minister patiently and faithfully since this important aspect of Christian stewardship takes time to "bear fruit".

# **COPY FOR BULLETINS AND NEWSLETTERS**

*(Selected statements printed in church bulletins and newsletters can be an effective way of communicating ideas, which can in turn prompt decisions and action on the part of members of the local church.)*

<b><u>TOPICS:</u></b>	Estate Planning	Chapter 7 / Pages 3-5
	Life Insurance Gifts	Chapter 7 / Page 6
	Trusts and Endowments	Chapter 7 / Page 6
	Stocks, Bonds, Mutual Funds, Real Estate	Chapter 7 / Page 7
	Other Kinds of Gifts	Chapter 7 / Page 8

## **THOUGHTS ON GIVING TO THE CHURCH THROUGH YOUR ESTATE PLAN**

1. Preparing an estate plan is good Christian stewardship – saying thanks to God, expressing your love and concern for family, and showing charity toward others.
2. Did you know that, for purposes of estate taxation, there is no limitation on the size of a charitable gift that you may give to your church at the time of your death? No matter how large, the gift is deductible for estate tax purposes.
3. Think about the part you want to play in your church's future. Naming your church as a beneficiary in your estate plan to create an endowment can assure your continued participation in the life and mission of your church far into the future.
4. Remember, if you have no will or trust, state laws will determine who will inherit your property at your death. State laws do not include your church or any other charity as a beneficiary.
5. Consider naming your church as a beneficiary in your will or living trust. The gift could be a set dollar amount, a percentage of your estate, the remainder after other gifts are made, or a gift of that part of the estate left if designated heirs are deceased.
6. Giving to your church through your will is a good way to continue your support of your church beyond your lifetime. When your estate plan is prepared, consider including plans for a gift to your church.

7. Did you know that the laws of the state where you are living at the time of your death will determine how your estate is settled if you have no will of your own? These laws might not leave your property to the people you want to receive it. And, these laws definitely don't leave any gift to your church or any other charity. Would you not rather make these decisions yourself?
8. How long has it been since you updated your will? Does it still express your wishes? Does it leave a gift to your church to carry on its ministry after your death?
9. You can share your faith beyond your lifetime by careful estate planning, which includes your church in your will. During your lifetime you will have the joy of knowing that whatever you do not use in this life will continue in your ministry through your church after your death.
10. When your estate planning documents are prepared by your attorney, you can include your church as the final beneficiary to receive any benefits that remain after other beneficiaries are remembered.
11. There are many reasons to update your estate planning documents. One is to include a gift to your church.
12. Have circumstances changed since you last updated your estate plan? Do your current estate planning documents carry out your commitments to your church? If not, amend your documents now.
13. Did you know that over 50% of all people at the time of their death do not have a will or living trust?
14. Do you know who your heirs will be? Is your church included in your will? Without a will, state laws will determine who receives your estate and no charity will receive a gift from your estate. Be sure your estate planning is up-to-date and expresses your wishes.
15. Proper estate planning can reduce administrative time, expense and inconvenience. Careful estate planning can also be the best gifts you give your family.
16. Remember your church in your will and living trust.
17. Who needs estate planning? Every adult who is legally competent, who owns anything, and cares about who receives it at the time of their disability or death. In addition, estate planning is necessary for anyone who wants to leave a bequest for their church.
18. Have you moved to another state since signing your estate planning documents? If so, consider having the documents checked by an attorney in the new state. In addition, this might be a good time to consider naming your church to receive a gift through your estate plans.
19. Your will is the proper place to name the guardians for your children should both parents die while the children are still minors. Pick their guardians yourself, rather than leaving this decision to the courts (as will happen if you do not have properly drawn legal documents).
20. Good stewardship requires us to think of the future. Have your estate plan prepared now and express your good stewardship in ways that will bless your family and your church.

21. “Later” can be too late. Don’t delay having your will drawn. Make sure your estate plans are in place so that your wishes will be carried out to benefit your family. Gifts you plan for your church through your will can help your church continue to minister and serve.
22. Be sure that your estate planning documents are properly prepared. A homemade will “might” work, but unless it is properly written, it might cause unnecessary expenses and delays – and worst of all, it might not accomplish what you want to happen. The writing of your will is a job for which you need your attorney’s assistance.
23. The costs of having your will drawn by an attorney can be a terrific bargain. It may save many times its cost in taxes and administrative expenses to your heirs. Make sure your attorney also knows of your desire to include your church in your estate plans.
24. Did you know that you can name the church a beneficiary of your estate in several ways? Consider gifting the church a specific amount, a percentage of your estate, the remainder of the estate after other gifts are made, or portions of your estate whose beneficiaries predecease you.
25. Is your current will keeping up with you? Does it reflect your Christian commitments? Make sure your will is up-to-date.
26. Have you ever heard that “wills are for rich people?” That’s right! But they are also “for poor people” and for everyone in between. Your will relates to everything God has entrusted with you, and it can be a powerful statement of your Christian stewardship.
27. Who needs a will? Every adult who owns anything and who cares about what happens to it, everyone who cares about their family, and everyone who wants to include their church’s future in their estate planning needs a will.
28. When was the last time your will had a check-up? Does it express your desires? Does it include your church, which means so much to you?
29. Have you named a residual beneficiary in your will (to receive what remains when all other bequests are fulfilled)? Have you considered including your church as the residual beneficiary?
30. When you need a will, it’s too late to have one drawn. Don’t wait. And, don’t forget your church.
31. Grandpa didn’t have a will, but Grandma does. She had to settle Grandpa’s estate without one, and she now knows how important a will really is. Do you have a will?
32. Are you leaving a legacy of “red tape” for your heirs? A legal will drawn by your attorney will cut out the “red tape” and accomplish what you want to happen following your death.

## **LIFE INSURANCE GIFTS**

1. Life insurance is a way to make a larger gift to your church than you might otherwise be able to afford. Consider naming your church as a beneficiary of an unneeded life insurance policy or tithing your policy to the church.
2. If the needs of other beneficiaries will be met in other ways, why not make your church the owner and beneficiary of one of your life insurance policies? If you do this, you may receive a significant income tax deduction and future premiums you pay may also qualify for an income tax deduction.
3. Consider naming the church as a secondary or back-up beneficiary of a life insurance policy or even your retirement plans in case other beneficiaries' names are deceased at the time of your death.
4. Consider taking out a new life insurance policy to benefit your church. When you name your church as owner and beneficiary, all premiums you pay will be considered tax- deductible contributions. The death benefit will be paid to your church and could create a significant endowment for a cause of your church you have selected.

## **TRUSTS AND ENDOWMENTS**

1. Permanent endowments are gifts that keep on giving. If the endowment agreement states that the principal shall never be invaded and that income is paid out to support a designated cause through your church, then your gift is "forever."
2. Charitable Trusts allow you to make a gift to your church in the future. You may set up the trust now and keep the income for yourself or other beneficiaries as long as you choose, or for life. The church will receive the property after that. There are special tax benefits for these kinds of trusts.
3. Charitable Remainder Trusts allow you to make a gift to your church while retaining income from the gifted asset during your lifetime (and that of your spouse). If the trust is funded with appreciated property, capital gains taxes may be avoided. There will also be a significant income tax deduction at the time the trust is created.
4. Consider making a gift to your church to fund an endowment in memory of a family member or special friend. Feel free to discuss with your pastor, conference/area United Methodist Foundation or other appropriate church leader any special programs or projects you would like to be supported by this endowment.
5. What about an endowment established in the name of your family? Your family name will live on in the life of your church. Other family members might also consider contributing. The endowment could support a special ministry of your church that has been especially meaningful for your family.

## **GIFTS OF STOCK, BONDS, MUTUAL FUNDS, AND REAL ESTATE**

1. Under current laws, appreciated securities and real estate may be deductible for income tax purposes at their current fair market value. In most cases, the appreciation is not taxed to you at all. Consider using these gifts to fulfill your pledge, to make a special gift, or toward establishing an endowment.
2. If you plan to leave your home to the church following your death, you can transfer the property now and still retain use of it as long as you live. A *current* income tax deduction is available for the value of such gifts to the church.
3. Stocks and bonds make excellent gifts to your church. You may be entitled to special tax considerations if you give these securities to the church during your lifetime.
4. If you are a stockholder in a closely held corporation, consider having the corporation make a gift to your church. Like individuals, corporations qualify for tax deductions for charitable gifts.
5. Some corporations have programs to match gifts (dollar for dollar) that are made to charities by their employees and retirees. This is a way of greatly increasing your gifts to the charity.
6. Real estate offers excellent opportunities for giving to your church. Consider a gift of land, a condominium, commercial property, home, farm, or other types of real estate. You may be able to avoid capital gains taxes and also be entitled to an income tax deduction for the fair market value of the property at the time the gift is made.
7. Consider making a gift of your personal residence or family farm now and continuing to live there until your death. An immediate income tax deduction may be available for this arrangement. At your death, the property would be available for church use or sold to benefit ministries of your church.
8. Consider giving the use of your property to your heirs for the duration of their lives, but having the property at their death pass to the church as a family memorial. After the property has met family needs, it will then support the mission and ministry of your church.

## OTHER KINDS OF GIFTS

You may specify that your bank or even brokerage accounts are “in trust” for your church. You retain total control over the account during your lifetime. However, those funds, which remain in the account at the time of your death, pass to your church without estate taxes.

Some persons have given jewelry, art, coin and stamp collections, antiques, mineral rights and other personal property to their church. These gifts can be made during lifetime or at death. There are certain tax advantages to making these kinds of gifts. When the gifted property is sold by the church, it can support various causes of the church determined by the donor.

Retirement funds present new opportunities for giving to your church. You may want to name your church as the final beneficiary of your individual retirement account (IRA) or other retirement funds, in the event that you and other named beneficiaries die before receiving all of the funds.

Memorial gifts to your church meet two important needs at once. (1) They allow you to express your feeling at the loss of a loved one. (2) Your gift to your church helps support its mission and ministry. Appropriate notices are sent to the bereaved family indicating the fact that your memorial gift was made. (The amount of your gift is not disclosed in this notice.)

If you are interested in making any special gifts to your church, feel free to discuss this with your pastor. The pastor will help put you in touch with appropriate advisors.

Have you received an inheritance? If so, consider gifting part of the inheritance to your church in memory of the loved one who remembered you. You can make this gift now or in your estate plan.

At the death of a special friend or relative you might like to remember that person through a memorial gift to your church. This will show your appreciation for this treasured relationship and help others through the church. An acknowledgement card will be sent to the surviving family, letting them know of your gift, without disclosing the amount.

Your gifts to your church are a testimony to your faith and the confidence you have in your church. Both lifetime gifts and testamentary (given through your will) gifts express your feelings in a meaningful way.

Do you have gift planning questions? The Holston Conference of the United Methodist Church Foundation, Inc. is available to assist you. Call (865) 690-4080, or toll-free (866) 690-4080.



## **REMEMBER!**

The Holston Conference of the United Methodist Church Foundation, Inc., is available to assist your church with its planned giving and endowment program. Its staff is skilled at assisting persons who want to make planned gifts (current and deferred) to benefit the Church.



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# ***GLOSSARY***

## **Estate Planning and Planned Giving Terms**

**ADJUSTED GROSS INCOME** – Amount of income remaining after the expenses of earning that income have been deducted.

**ADMINISTRATOR** – The personal representative appointed by the probate court to settle the estate of a person who dies without a will.

**ANNUITANT** – The person receiving annual or more frequent payment from a gift to annuity.

**ANNUITY PAYMENTS** – The annual or more frequent payment of principal and interest to an annuitant or to his or her beneficiary.

**APPRECIATED PROPERTY** – Property with a value greater than the cost basis (the value at the time it was acquired plus improvements and other expenses).

**CHARITABLE ESTATE PLANNING** – Estate planning which includes a provision for a charitable organization or institution to receive a portion of the person's assets.

**CHARITABLE INCOME TAX DEDUCTION** – The amount a donor can deduct from a federal income tax return for a gift to a qualified charity.

**CHARITABLE LIFE INSURANCE** – Any type of life insurance policy that pays death proceeds or living benefits to a qualified charity.

**CHARITABLE REMAINDER ANNUITY TRUST** – A trust that provides for a donor to transfer property to a trustee subject to the donor's right to receive a fixed percentage of the initial fair market value of the property for as long as he or she lives. Whatever remains in the trust at his or her death becomes the property of the beneficiary charity.

**CHARITABLE REMAINDER INTEREST** – The amount expected to be received by a charity from a charitable remainder trust at the death of the trustor.

**CHARITABLE REMAINDER UNITRUST** – A trust with the same basic components of a charitable remainder annuity trust except that the income to the donor is a percentage of the fair market value of the property determined annually rather than a fixed amount.

**CODICIL** – The addition or amendment to a person's will.

**CORPUS** – The amount of principal in a trust.

**COST BASIS** – The original cost of property plus improvements and other expenses paid by the owner during the period of ownership.

**DEATH BENEFIT** – Proceeds of a life insurance policy paid to a beneficiary of the policy at the death of the policyholder.

**DEFERRED GIFT** – A gift that is made now whereby the recipient does not benefit until some time in the future according to conditions stated in a contract.

**DEFERRED PAYMENT GIFT ANNUITY** - A gift annuity agreement issued by a qualified charity providing for payment to the beneficiary to commence at a future date and to continue for life or a specific term of years.

**DIVIDENDS** – The amount of money paid each year on a life insurance policy, share of stock, or other investment paid to the policyholder or the shareholder.

**ENDOWMENT** – Assets that are held and invested to provide an ongoing source of funding.

**ESTATE PLANNING** – Planning for the management of all of an individual's assets for the benefit of this person and his or her heirs or other distributees.

**EXECUTOR** – The personal representative (male) named in a will to settle the testator's estate.

**EXECUTRIX** – The personal representative (female) named in a will to settle the testator's estate.

**FAIR MARKET VALUE** – Amount of money a willing buyer will pay a willing seller for property.

**FEDERAL ESTATE TAX** – The federal tax imposed on the transfer of property to others at death.

**FEDERAL GIFT TAX** – The federal tax imposed on the transfer of property during the lifetime of the donor. The donor pays this tax.

**FEDERAL INCOME TAX** – The federal tax on an individual's income.

**FIVE-YEAR CARRY-OVER RULE** – A federal income tax provision that permits a donor to carry over into the five succeeding tax years any amount of a charitable deduction, which exceeds the deductible amount that can be used in the year the gift is made.

**GIFT ANNUITY AGREEMENT** – An agreement in which a donor makes a gift to a charity, which in turn provides stipulated annual payments for the life of one or two persons.

**IN PERPETUITY** – To be held in the same form forever.

**INTESTATE** – Dying without a will.

**IRREVOCABLE LIVING TRUST** – A trust that cannot be revoked by the trustor.

**LAWS OF DESCENT AND DISTRIBUTION** – State laws controlling distribution of property when a person dies without a will.

**LIFE ESTATE AGREEMENT** – An agreement between a donor and a charity in which the donor deeds real estate to the charity but reserves the right to use or reside on the property for life.

**LIFE EXPECTANCY** – The actuarial estimate of the number of years a person will live from any given age.

**LONG-TERM CAPITAL GAINS** – The capital appreciation realized from the sale of property (stocks, bonds, land, etc.), which the seller has owned more than one year. (*Note: The long-term holding period is set by federal law and is subject to change. If in doubt, check with a tax advisor.*)

**MARITAL DEDUCTION** – According to federal law, the amount of assets that an individual can transfer tax-free to a surviving spouse through his or her will without estate taxes having to be paid on those assets. Currently, the marital deduction is unlimited.

**MATURED BEQUEST** – A bequest is considered “matured” when the gift is actually received.

**MATURED CHARITABLE REMAINDER TRUST** – A charitable remainder trust is matured when the trust assets are finally delivered to the charity after the death of the final income beneficiary.

**MEMORIAL GIFT** – A gift to a charity in memory of a deceased person.

**ORDINARY INCOME PROPERTY** – Property that produces income taxed at the owner’s regular income tax rate.

**POOLED INCOME FUND** – A trust funded by a number of donors, each retaining an income for life. Each donor is paid a pro-rata share of the fund’s earnings. Each donor’s portion of the principal becomes the property of the charity at the death of the donor.

**PROBATE** – The “proving” of a will. When a person dies, the will is taken to the probate court to prove that the will is indeed that person’s last will and testament.

**REMAINDERMAN** – The person, institution, or charity receiving the assets of a trust upon the death of the trustor.

**RESIDUARY CLAUSE** – A clause in the will that bequeaths or devises property that is not specifically bequeathed or devised earlier in the will.

**RESIDUE** – Property left for the final beneficiaries named in a will after all other bequests have been paid.

**REVOCABLE LIVING TRUST** – A trust that may be revoked by the trustor.

**TESTAMENTARY GIFT** – A gift made through a will.

**TESTAMENTARY TRUST** – A trust created by a provision in a person’s will.

**TESTATOR** – The person (male) making the will.

**TESTATRIX** – The person (female) making the will.

**TRUSTEE** – The person or institution responsible for the administration of a trust.

**TRUST INSTRUMENT** – The legal document that provides operating instructions for a trustee in carrying out the terms of a trust.

**TRUST CORPUS** – The assets held in a trust.

**WILL** – A person’s legal statement regarding the disposition of his or her property following death.

## ***NOTE!***

### ***SOME FACTS THAT NEED TO BE CONSIDERED***

- (1) While conference/area United Methodist Foundations are positioned to provide assistance in consultation and planning with donors and in the administration and management of the gift plan options discussed in this chapter, the donor should always be advised to consult his or her own legal and financial advisors.
  
- (2) *AN IMPORTANT NOTE TO CHURCHES:* Churches (and all other charitable organizations) are advised to make an intentional effort to fully understand all facts and implications as to gifts, which are offered and should take prompt and appropriate action to accept or reject those gifts to avoid potential problems. (*For example:* Present state and federal environmental regulations and laws make it absolutely critical that a church investigate thoroughly any real property for environmental concerns before the property is accepted. Once the church has accepted it, the environmental liabilities pertaining to that property rest with the church. Always consult with your attorney and other professional advisors before real property gifts are accepted.)
  
- (3) The purpose of this publication is to provide accurate and authoritative information of a general character only. Conference/area United Methodist Foundations are not engaged in rendering legal or tax advisory services. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained.