

PLANNED
GIVING



*Stewards
of God's
bounty.*



WHAT IS PLANNED GIVING?

Planned giving encompasses a variety of ways that gifts can be made to the church from accumulated resources.

It usually involves financial or estate planning; however, it is not reserved for the wealthy. Planned giving is a means by which anyone concerned with the wise use of his or her personal resources makes a considered choice about their ultimate disposition.

In general planned gifts are made through:

- *A Bequest in a Will*
- *A Life Income Gift* such as a pooled income fund, a charitable gift annuity, or a charitable remainder trust
- *Gifts of Special Assets* (real estate, closely held stock, life insurance, retirement accounts)

Planned giving establishes a way for a donor to provide for family members while remembering the church as well. It often enables the donor to provide more for his or her heirs and to make a larger gift than thought possible. It often reduces taxes as well.

Planned gifts can be designated for an organization's general funds or its endowment.

Planned gifts are either outright gifts (i.e., gifts of appreciated securities, real property, personal property, etc.) or deferred gifts (i.e. bequests, charitable gift annuities, charitable trusts).

All that we are, all that we
have, comes from God

*and will one day
return to God.*

Jesus often talked about our relationship to the “things” we possess. In Luke 12:13-21 Jesus is asked about dividing a family inheritance. He replies with a story. A rich man decides to build new barns to hold his bumper crop, then to “eat, drink, and be merry.”

However, “God said to him, ‘Fool! This night your soul is required of you; and the things you have prepared, whose will they be?’ So is he who lays up treasure for himself, and is not rich toward God.”

We are stewards of God’s bounty. Caretakers. For a brief period we are given time, energy, and resources. What we do with these gifts ultimately defines the character of our life and the depth of our spiritual understanding.

Planned giving is one expression of the wise use of the personal resources God has entrusted to us.

A BEQUEST IN A WILL

Perhaps the easiest and most common way of making a planned gift is through your will. Yet over 50% of Americans do not have one.

If you die without a will, the state will divide your assets among your spouse and children (regardless of their age); appoint an administrator that may cost the estate large fees; and appoint guardians, who may or may not have been your choice, for your dependents. The state makes no charitable contributions, and it will ensure that your estate pays as much tax as possible.

By making a will, you appoint your own administrator; you name the guardian of your dependents; you control applicable taxes; you can create a family or charitable trust; and you can share your resources with your family, church, or other institutions as you choose.

A bequest in a will can take the form of a set amount of money, a percentage of an estate, a specific asset, a trust, or the naming of a church-related organization as a contingent beneficiary.

Sample language for including the church in your will might be: "I give, devise, and bequeath (state amount, asset, or percentage of the estate) to (name and address of your church) to be used (describe use) or as the church's governing board or vestry deems appropriate."

LIFE INCOME GIFTS

Life income gifts provide you or your designated beneficiary income for life in exchange for your gift.

The three most common types of life income gifts are a pooled income fund, a charitable gift annuity, and a charitable remainder trust.

In the **Pooled Income Fund**, gifts (\$2,500 gift minimum) are “pooled” with other gifts and invested in a professionally managed investment portfolio. The donor receives the following benefits:

- A guaranteed income for life. The amount of the income depends on the rate of return on the fund’s investments. The income can also flow to another designated beneficiary
- An immediate federal income tax deduction. The amount of the deduction is usually based on the age of the donor and/or beneficiaries
- The elimination of capital gains taxes, if funded through appreciated securities such as stocks, bonds, or mutual funds
- A possible reduction in estate taxes

At the death of the final beneficiary, the property goes to the church or church-related beneficiary that you named.

The benefits of establishing a **Charitable Gift Annuity** are similar to that of the pooled income fund with the following differences:

- The minimum gift is \$5,000.
- The income for life is guaranteed at a fixed amount.
- A portion of the gift is deductible.
- A portion of the income received is tax exempt.

A **Charitable Remainder Trust** is available to donors using assets of \$100,000 or more. They can be funded with various types of assets, including real estate. Like the pooled income fund and the

charitable gift annuity, the charitable remainder trust provides income for life, an income tax deduction, relief from capital gains taxes (if funded through appreciated property), and a possible reduction in estate taxes. The income fluctuates based on the performance of the portfolio. If you are seeking fixed income annually, a charitable remainder annuity trust is an option to consider.

The **Charitable Lead Trust**, another estate planning tool, enables you to transfer assets to a trust that pays its income to the church or church-related organization for a set period of time. At the end of the term, the principal and all capital appreciation returns to you or others that you name.

GIFTS OF REAL ESTATE, APPRECIATED PROPERTY, AND TANGIBLE PERSONAL PROPERTY

Real estate or securities can be the source of your gift to the church. Using a **Charitable Life Estate Contract**, for example, you can deed your home, vacation home, farm, ranch, or condominium to the church and retain the right to live on the property and/or receive income from the property for as long as you live. You receive an income tax deduction when the property is deeded to the church and normally avoid any capital gains taxes when making the transfer. Your inheritance and estate taxes may be reduced at the time of your death.

Gifts of appreciated real estate or securities allow you to avoid capital gains taxes. It is important to transfer the stock or real estate to the church

"In the beginning God created the

prior to selling it. However, if the securities or real estate have decreased in value, you should sell the assets before making the gift, thus establishing a capital loss and a potential tax deduction.

Gifts of tangible personal property, such as jewelry, coins, works of art, automobiles, etc. may also be given to the church. You are responsible for setting an appraised value on the gift. Any gift over \$5,000 must be independently appraised.

GIFTS OF LIFE INSURANCE AND RETIREMENT ACCOUNTS

Life Insurance is another way to make a sizeable gift to the church. For example:

You can purchase a new policy and make the church the owner and beneficiary of the policy. This enables you to “leverage” your gift, ultimately making a much larger gift than otherwise possible. Contributions to your church to pay the ongoing premiums become tax deductible.

You can make the church the owner and beneficiary of an existing policy. The current value of the policy is tax deductible, as are future premium payments. You can make the church a contingent beneficiary of an existing policy, or name the church to receive the proceeds of the policy if the designated beneficiaries predecease the insured.

Also, the remainder value of many retirement accounts can be heavily taxed when left to friends and family, but pass tax-free to your church upon your death. Review with your attorney or financial advisor to learn if this is an appropriate gift for you.

heavens and the earth.”—Genesis 1:1

RESOURCES AVAILABLE

BROCHURES

- *Planned Giving (overview)*
- *Charitable Gift Annuity*
- *Charitable Remainder Trust*
- *Pooled Income Fund*
- *Writing Your Will*

DETAILED BOOKLETS

- *Planned Giving (overview)*
- *Charitable Gift Annuity*
- *Charitable Remainder Trust*
- *Pooled Income Fund*
- *Planning for the End of Life*

This series of gift planning brochures was developed by the Episcopal Church Foundation. The church, the writers, and publishers of this material are not engaged in rendering legal or tax advice. For advice and assistance in specific cases, please consult an attorney or professional counselor.

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