

Blessed to Be a Blessing

A Planned Giving Resource for
Churches



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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 until the end of time"¹
We heard these words when we stood at the chancel 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 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 something 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,² 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 United Methodist Foundation of Western North Carolina, Inc. 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

¹ The United Methodist Hymnal, Baptismal Covenant III, page 45.

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

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 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 for and funding 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 all we have is a trust 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 create 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 permanence 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 ensure 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 such as property maintenance, missions and general services of the church.

There are two dangers we have observed in using endowments 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. Endowments may maintain church buildings, endowments may generate funds for mission work, and endowments may enhance other ministries of the church. We believe in the power of endowments.

Wesley Church: A Case Study

The celebration of its 200th 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 either 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 tell 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 not merely used to fund the operating budget of the church. These three endowment areas are:

- A. Missions Endowments, for missions in and beyond the local community
- B. Church Property Endowments, for maintenance, care, improvements, and construction of physical facilities
- C. General Endowments, 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 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.³ Is it possible that an endowment fund 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..."

³ 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 us 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. The Foundation often operates 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 the 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 the United Methodist Foundation of Western North Carolina, Inc 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,” he 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 staff member also pointed to the blessings that a properly structured endowment offers. He 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. His wise counsel was to limit the use of undesignated endowment earnings to the operating budget. He emphasized that successful endowment programs are used to enhance and extend the ministry of the church.

The staff member 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 provide 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 staff member went on to describe the United Methodist Foundation of Western North Carolina, Inc. as being a member of the National Association of United Methodist

Foundations. He 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. The team 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 and Committee.

The Permanent Endowment Fund Committee, with assistance and resources from the United Methodist Foundation of Western North Carolina, Inc., 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 the United Methodist Foundation of Western North Carolina, Inc. and thus ensured the highest level of professional management and social responsibility for their funds.

The staff member of the United Methodist Foundation of Western North Carolina, Inc. was invited to preach one Sunday at Trinity Church. The sermon centered 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 followed to benefit Trinity Church through its endowment program. Several members chose to establish life income gifts to benefit the endowment program of their church with their United Methodist Foundation of Western North Carolina, Inc. 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 United Methodist Foundation of Western North Carolina, Inc. 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 United Methodist Foundation of Western North Carolina, Inc. 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 the United Methodist Foundation of Western North Carolina, Inc. The Foundation is a ministry of the Church and for the Church. Our vision is to help create a Christ-centered community where the faithful stewardship of financial resources enables the Church to follow Jesus, make disciples and transform the world. Our mission is to fulfill this vision by promoting the sharing of God's resources through faithful, financial partnerships.

CHAPTER III

**ESTABLISHING AN
ENDOWMENT PROGRAM**

Recognizing the place of planned giving in the stewardship program of the local church, the 1988 General Conference enacted legislation enabling a **Permanent Endowment Fund Committee** in every United Methodist Church. This legislation was up-dated in 1992, 1996, 2000, and in 2004. 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 - 2008* sets forth this permissive legislation in Paragraph 2533.

Paragraph 2533. "PERMANENT ENDOWMENT FUND COMMITTEE"

A Charge Conference *may* establish a local church Permanent Endowment Fund Committee." (*The Book of Discipline – 2008*—emphasis added.)

The Charge Conference, which elects other officers and leaders of the local church, can elect and empower a Permanent Endowment Fund Committee, and this committee can provide vital leadership to this important aspect of the local church's 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 - 1996* no provision is made for such a Task Force, but the responsibilities which were given to the Wills and Estate Planning Task Force can now be given to the Permanent Endowment Fund Committee.

While Paragraph 2534 of *The Book of Discipline – 2008* permits the organization of local church Foundations, in most cases the organization of a **Permanent Endowment Fund Committee** and the establishment of an planned giving and endowment program in the local church, which works cooperatively with the United Methodist Foundation of Western North Carolina, Inc., is preferred as a simpler 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.

The Endowment Fund Process

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. In some churches the Work Area or Committee on Stewardship might serve as the Ad Hoc Committee; or at the prompting of the Work Area or Committee Chairperson of Stewardship, a separate committee might be convened. Participation by, or at least support from, the Board of Trustees is encouraged.

The agenda for the first meeting might well include a visit from a staff member from the United Methodist Foundation of Western North Carolina, Inc. 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 a Permanent Endowment Fund Committee be elected and empowered. The Ad Hoc Committee will want to make a strong presentation to the Church Council which should include:

- + The personal and possibly financial 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 a Permanent

Endowment Fund Committee and authorization to the Ad Hoc Committee to draw up a resolution creating this committee for presentation to the Charge Conference

Note: The Permanent Endowment Fund 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 PERMANENT ENDOWMENT FUND PROGRAM

The Ad Hoc Committee should prepare a resolution to be presented to a regular or called Charge Conference for the purpose of creating the Permanent Endowment Fund Committee as described in Paragraph 2533 of *The Book of Discipline - 2008*. The procedure to be followed for a Charge Conference is given in Paragraph 247-248 (*The Book of Discipline - 2008*) 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 a Permanent Endowment Fund 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.

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 the Use of Principal
- G. Gifts to the Endowment Program
- H. Promotion

A. INCORPORATED CHURCHES.

In cases where the local church is incorporated, the laws of the State relating to corporations 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 2533 of *The Book of Discipline - 2008* explains that a Permanent Endowment Fund Committee “[may] provide the services described in ¶ 2532.5 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 Permanent Endowment Fund 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 Permanent Endowment Fund Committee may be charged with any, all, or some of the above responsibilities. The key point should not be missed: The Permanent Endowment Fund 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 gifts 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 Permanent Endowment Fund Committee knowledge of finances within the church that will be beneficial in designing the total stewardship program, which should include current and planned giving.
3. The **Local Church Treasurer** as a financial officer of the church is quite familiar with the 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 or representative** will understand the ministry needs of the local church and the concern of the Permanent Endowment Fund Committee to use endowment earnings for matters beyond normal budget items.
6. The inclusion of **three to five members nominated by the Committee on Lay Leadership** allows for persons with special expertise to serve on the Permanent Endowment Fund 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 2533 of *The Book of Discipline - 2008* provides for the **Permanent Endowment Fund 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, 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 Permanent Endowment Fund Committee.

E. INVESTMENT OF ENDOWMENT FUNDS.

The Endowment Program's investment objectives are:

1. Conservation of principal.
2. Regular income at a reasonable rate.
3. Growth of income and principal over and above that necessary to offset inflation.
4. 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 Church.
5. Diversification of investments.

All gifts received by the Endowment Program shall be permanently invested through the establishment of one or more accounts with (the United Methodist Foundation of Western North Carolina, Inc.) with the investment approval of 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). Each account should be segregated and maintained to provide support for its stated purpose.

(NOTE: The Book of Discipline -2008, paragraph 2532.5 states "...When such property is in the form of investable funds, the board of trustees [Permanent Endowment Fund Committee if this committee has been so authorized] shall consider placement for investment and administration with the United Methodist Foundation serving that conference" Special attention also needs to be given to Paragraph 2532.5 – "...The Board of Trustees [Permanent Endowment Fund Committee if this committee has been so authorized] is encouraged to invest in institutions, companies, corporations, or funds which make a positive contribution toward the realization of the goals outlined in the Social Principles of our Church."

The investment services of the United Methodist Foundation of Western North Carolina, Inc. can help assure professional management of the Fund's assets. Through the pooling of assets from other churches and agencies, the United Methodist Foundation of Western North Carolina, Inc. 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 _____ United Methodist Church, will protect the principal. Requiring that any withdrawal of principal be approved by a two-thirds (2/3) vote of the Charge Conference of _____ 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.

Gifts to The Endowment Program shall be classified according to the following categories:

- A. Designated for Mission Funds - for missions in and beyond the local church and community
- B. Designated for Property Funds - for maintenance, care, improvements or additions to, or construction of physical facilities
- C. The _____ Endowment Fund (for example, Scholarship, Youth, Music, Cemetery, Library, Evangelism, Food Pantry, etc.)
(NOTE: A church may have existing permanent or designated funds that also should be included under the stewardship of the Committee).
- D. General Endowment Funds - for special needs and ministries determined by the church leadership

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: 1) the General Endowment Fund or 2) funds can be released for general use. 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. The United Methodist Foundation of Western North Carolina, Inc. 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. DISTRIBUTIONS

The Committee shall make distributions from accounts in compliance with Donor instructions received at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. In the case of undesignated gift accounts, the amount of all distributions shall be determined by the Committee, which shall keep in mind the Endowment Program investment objectives stated in this document. The Church Council upon recommendation of the Committee shall approve the purposes and causes to which distributions from undesignated gift accounts are to be made.

(NOTE: 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).

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 3% - 5% of a rolling three-year market average. In many instances, new funds do not make distributions for 18 - 36 months or until they reach a specified target value. The United Methodist Foundation of Western North Carolina, Inc. 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 Program 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 and property maintenance) and the general endowment
- Panel 5- Discussion of the protection of principal and the investment and distribution objectives of the endowment program.
- Panel 6 - 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 provided for consideration. 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 Permanent Endowment Program and the authority given to the Permanent Endowment Committee be in compliance with The Book of Discipline of The United Methodist Church. We suggest that you invite the United Methodist Foundation of Western North Carolina, Inc. to review your document before it is presented to your Charge Conference for adoption.

Sample Endowment Document

_____ United Methodist Church Endowment Fund Document

Creation of Endowment Fund

A. Purpose of the _____ Endowment Fund

The _____ Endowment Fund of _____ United Methodist Church, _____, North Carolina, hereafter referred to in this document as the “Endowment Fund,” is established for the purpose of providing members and friends the opportunity to make charitable gifts to _____ United Methodist Church that will become a permanent endowment of financial support and a living memorial. The Endowment Fund is intended for purposes that are not a part of the church’s established programs that are funded through the annual operating budget of the church and the regular giving of its members.

B. Endowment Fund Committee

The Endowment Fund will be administered by the Endowment Committee of _____ United Methodist Church, hereinafter in this document referred to as the “Committee,” under authority granted by the Charge Conference.

The following persons shall constitute the Permanent Endowment Fund 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; and
- E. Three to five persons nominated by the Committee on Lay Leadership and elected by the Charge Conference.

The chairperson of the Committee shall be nominated by the Committee on Lay Leadership from the Committee established above, and elected by the Charge Conference. The Committee shall elect a secretary, and such other officers and sub-committees as it deems necessary.

The committee shall have the powers and duties authorized by *The Book of Discipline* of the United Methodist Church and granted by this session and future sessions of the Charge Conference.

- A. To receive and administer all bequests made to the local church; to receive and administer all trusts; to invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the church is located.
- B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.
- C. To stress opportunities for church members and constituents to make provisions for giving through the local church (and through institutions, agencies, and causes of The United Methodist Church) by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
- D. To arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will and a living trust.
- E. Other responsibilities as determined by the Charge Conference.

The Committee shall cooperate with the Committee on Finance in assuring that the annual audit process (as stated in Paragraph 258.4d of *The Book of Discipline*) is followed. The Committee shall make a full report no less frequently than once each year to the Administrative Board.

C. Objectives for Investment of Endowment Fund

The Endowment Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Growth of income and principal over and above that necessary to offset rises in the cost of living.
4. Investment of assets in institutions, companies, corporations, or funds that make a positive contribution toward the realization of the goals outlined in the Social Principles of the United Methodist Church.

All gifts received by the Endowment Fund shall be invested through the establishment of one or more accounts with the United Methodist Foundation of Western North Carolina, Inc., Charlotte, North Carolina, with the approval of the Endowment Committee.

The specific purpose of each account authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes.

Use of Endowment Fund

A. Gifts to the Endowment Fund

Gifts to the Endowment Fund shall be classified as “designated” or “undesignated” and then assigned to one of the following categories:

1. Mission Fund (for missions in and beyond the local church and community)
2. General Endowment (for unbudgeted special needs and ministries determined by the church leadership)
3. Capital Improvements/Expenditures (not a part of the annual budget)

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

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

B. Limitations on Use of Principal

The objectives of the Endowment Fund are to conserve the principal and make use of only the net income from the Endowment Fund. The principal, or any portion thereof, may be withdrawn only in extreme and overwhelming circumstances. Any withdrawal of principal must be approved by a two-thirds (2/3) majority vote of the Charge Conference of _____ United Methodist Church at which a quorum is present.

C. Change in Investment Policy

Any transfer of the Endowment Fund assets for investment with another agency, other than the United Methodist Foundation of Western North Carolina, Inc., must be approved by a majority vote of the Charge Conference, at which a quorum is present, on recommendation of the Committee, the Board of Trustees, and the Administrative Board of the church.

D. Distribution of Income

The Committee as directed by the donors shall distribute the income of the Endowment Fund at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. If the use of the gift is undesignated, the Administrative Board upon recommendation of the Committee shall direct the income.

E. Qualification for Tax Exempt Treatment

Any provision of this Permanent Endowment Fund Agreement to the contrary notwithstanding, the Endowment Fund shall remain the sole property of the church. It is the intent of the church and the Committee to create, maintain and operate the Endowment Fund pursuant to this Permanent Endowment Fund Agreement, under the auspices of the church to the fullest extent necessary to enable the Endowment Fund to qualify as funds of the church under Section 501 (c)(3) of the Internal Revenue Code, and this Permanent Endowment Fund Agreement shall be administered and construed accordingly.

Administration of Endowment Fund

A. Responsibilities of Committee Members

1. Meetings: The Committee shall meet at least once every six months to consider all business that may properly come before them, and may meet as frequently as necessary to adequately handle and dispose of such business. The Secretary shall notify all committee members of regular meetings at least ten days in advance thereof; provided, however, that in the event of an emergency, the Chairman may call a meeting of the Committee and give notice thereof by phone.
2. Majority Rule: At any meeting of the Committee, two-thirds (2/3) of the Committee members shall constitute a quorum. All action taken by the Committee must be approved by a majority vote of the members in attendance, assuming a quorum is present.
3. Distributions: Distributions from the Endowment Fund shall be made only by check made payable to the appropriate recipient.
4. Accounting: Within sixty days after the end of the fiscal year of the Endowment Fund, the Treasurer shall prepare and distribute to all Committee members an annual report of receipts and disbursements. The Treasurer shall also report, when requested, to the Committee as to the receipts, disbursements and other financial activities of the Endowment Fund.
5. Dissemination of Information: Information pertaining to the activities, investments, and distributions of the Endowment Fund shall be disseminated by appropriate means to the members of the congregation of the church, as the Committee may deem appropriate.

B. Liability of Trustees and Committee members

In the absence of gross negligence or fraud, no member of the Board of Trustees of _____ United Methodist Church or of the Committee of this church shall be personally liable for any action made or omission with respect to the Fund.

C. Duration of Endowment Fund

1. Merger, Consolidation, and Dissolution.
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 Fund shall be deemed to have been made in behalf of the merged or consolidated church which shall be obligated 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, the Endowment Fund, including both principal and interest to date, shall pass to the United Methodist Foundation of Western North Carolina, Inc., for its unrestricted use.

2. Amendments.

Technical corrections and amendments to this agreement which do not alter the stated purpose of the Endowment Fund may be made only by two-thirds (2/3) vote of the members present at a duly announced Charge Conference of _____ United Methodist Church at which a quorum is present.

3. Severability

If any provisions or any application of any provisions of this agreement 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.

4. Termination of Endowment Fund

The Endowment Fund shall be terminated and all assets transferred to the church immediately at the request of a vote of three-fourths (3/4) of the entire membership of the Charge Conference of the church. Such vote shall be taken at a meeting for which notice of the nature of the meeting is given no less than fourteen (14) days prior thereto.

THIS PERMANENT ENDOWMENT FUND AGREEMENT WAS ADOPTED THIS DAY _____ OF _____, _____ IN A DULY AUTHORIZED CHARGE CONFERENCE OF THE _____ UNITED METHODIST CHURCH, _____, NORTH CAROLINA BY A VOTE OF _____ FOR, _____ AGAINST, AND _____ ABSTAINED.

Recording Secretary

District Superintendent

Pastor



CHAPTER IV

**PROMOTING
PLANNED GIVING**

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 purposes 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

- Celebrating a "benchmark birthday"
- 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 (i.e. CPA, attorney)
- The need to dispose of property
- Selling the family business
- Selling real or personal property

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 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 a staff member of the United Methodist Foundation of Western North Carolina, Inc. to visit and discuss with your Church 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. This report could include 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 reader's 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 knew that as a result of this mailing your church would receive a gift of \$100,000, would you take the "time and energy" to do so? Well, it might well 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 mailings 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.)

(The United Methodist Foundation of Western North Carolina, Inc. 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:

--- I would like more information about wills
--- I have included the church in my will
--- I would like to talk to someone about my will
--- I would like someone to discuss with me a gift
planning idea to benefit my church.

Name _____

Address _____

City/State/Zip _____

Phone _____

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 "a portion of the earnings of the General Endowment Program this year was used to provide Bibles for every third grade Sunday School student in our church on Christian Education Sunday. You should have seen how the children's eyes twinkled with excitement when they received their own personal Bible...."

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 has 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 and when you send specific invitations (in addition to the general invitation) attendance is usually much better. 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 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
- Wills Clinic
- Charitable Gift Planning Seminar

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

ESTATE AND GIFT PLANNING WORKSHOP

(You might want to consider inviting a staff person from the United Methodist Foundation of Western North Carolina, Inc. 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. Introduction to Estate Planning and Charitable Gift Planning
 - Estate Planning
 - Charitable Gift Planning
- III. My Will
 - What is a will?
 - Who can make a will?
 - Who needs a will?
 - What can a will do? Not do?
 - What does a will cost?
 - Can my will be changed?
 - How often should it be reviewed?
 - What about estate taxes?
 - 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
 - Endowment gifts
- V. Planned Giving and Endowment Funding in the Local Church
 - Why "planned giving" in the local church?
 - The benefits of endowments for local churches
- VI. Closing
 - Thank all who attended
 - Invite attendees to pick up displayed/available resources
 - 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 United Methodist Foundation of Western North Carolina, Inc. 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 acknowledgment 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 which 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.

A MODEL FOR THE LOCAL CHURCH

The following model offers a five-year plan for promoting estate planning, planned giving, and endowment funding in a local congregation. It is designed for a church that is in the beginning stages of their planned giving plan, but can be adapted by any church. If your church is just beginning, start with year one. If your church has had a program going for some time, begin with year two or three. After you have completed the five-year plan, start again with the plan with year two. Or better yet, use this model to design a plan more specific to your church and community of faith.

Year 1

- Make a **presentation** to church leaders twice a year about possibilities and responses. Invite leaders to make a planned gift.
- Put **one-liners** in all bulletins and newsletters.
- Place an **article** in the church newsletter on planned giving each quarter.
- Plan **two seminars** this year on Wills and Estate Planning in March and October. Utilize the services of professionals who have expertise in this area.

Year 2

- Make a **presentation** to church leaders twice a year about possibilities and responses. Invite leaders to make a planned gift.
- Put **one-liners** in all bulletins and newsletters.
- Place an **article** in the church newsletter on planned giving each quarter.
- Send **two planned giving mailings**:
 1. To the entire congregation on the importance of estate planning and the benefits of making a gift through the church. Share examples as to how a bequest works and how the church might benefit.
 2. To the entire congregation on the opportunity of giving through estate planning. Emphasize the work of the church and how funds are used.
- Plan **three seminars** utilizing the services of professionals who have expertise in these areas:
 - February:** General Seminar on Wills and Estate Planning
 - May:** Estate Planning for Women
 - October:** Estate Planning for Men

Year 3

- Make a **presentation** to church leaders twice a year about possibilities and responses. Invite leaders to make a planned gift.
- Put **one-liners** in all bulletins and newsletters.
- Place an **article** in the church newsletter on planned giving each quarter.
- Plan and celebrate a **Memorial Sunday observance**.

- Plan an **Endowment Sunday celebration**.
- Design **two endowment newsletters** to go to everyone.
 1. **Theme:** Let me introduce you to the endowment program of this church.
 2. **Theme:** You Can Be A Philanthropist. Tell stories of what others are doing. Help people see how they can give.
- Send **three planned giving mailings:**
 - * To the entire congregation on the opportunity of giving through estate planning.
 - * To the entire congregation (in December) suggesting ways to give at year end.
- To leaders, all on committees, and the top 25% of givers. Emphasize how giving is an act of faith.
- Plan **four seminars** utilizing the services of professionals who have expertise in these areas.
 - January:** Can I Afford to Retire? (including estate planning)
 - March:** General Seminar on Wills and Estate Planning
 - May:** Financial Planning (including Wills for parents)
 - October:** General Seminar on Wills and Estate Planning

Year 4

- Make a **presentation** to church leaders twice a year about possibilities and responses. Invite leaders to make a planned gift.
- Put **one-liners** in all bulletins and newsletters
- Place an **article** in the church newsletter on planned giving each quarter.
- Plan and celebrate a **Memorial Sunday observation**.
- Plan an **Endowment Sunday celebration**.
- Design **three endowment newsletters** to go to everyone.
 1. **Theme:** Let me introduce you to the endowment program of this church.
 2. **Theme:** You Can Be A Philanthropist. Tell stories of what others are doing. Help people see how they can give.
 3. **Theme:** Ways I can Give Through My Estate. Share stories of other givers.
- Send **three planned giving mailings:**
- To the entire congregation on the opportunity of giving through estate planning. Offer examples of giving through a will.
 - * To the entire congregation (in December) suggesting ways to give at year end.
 - * To leaders, all on committees, and the top 25% of givers focusing on how they should set the example as leaders of the congregation.
- Plan **two seminars** this year on Wills and Estate Planning in March and October utilizing the services of professionals who have expertise in this area.

Year 5

- Make a **presentation** to church leaders twice a year about possibilities and responses. Invite leaders to make a planned gift.
- Put **one-liners** in all bulletins and newsletters.
- Place an **article** in the church newsletter on planned giving each quarter.
- Plan and celebrate a **Memorial Sunday observance**.
- Plan an **Endowment Sunday celebration**.
- Design **three endowment newsletters** to go to everyone.
 - 1. Theme:** Let me introduce you to the endowment program of this church.
 - 2. Theme:** You Can Be A Philanthropist. Tell stories of what others are doing. Help people see how they can give.
 - 3. Theme:** Can a Living Trust help me assure my financial security and make a gift to my church?
- Send **three planned giving mailings**
 - * To the entire congregation on the opportunity of giving through estate planning.
 - * To the entire congregation offering suggestions on how to give at year end.
 - * To leaders, all on committees, and the top 25% of givers. Focus on how giving is an act of faith.
- Plan **two seminars** this year on Wills and Estate Planning, in March and October. Utilize the services of professionals who have expertise in these areas

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.”

Set A Time Limit

Memorial gifts tend to be given over a relatively short time span. In order to avoid the problem described above, we suggest you establish a time limit by which the needed amount for a desired memorial gift must be received. To build on the previous example, suppose that the church had set a six-month time frame for memorial gifts. After six months a representative of the Committee would have gone back to the family and informed them that \$500 had been given in memory of their loved one and that new choir robes would cost \$1,500. At this point the

family can be offered three options: choose a different memorial from the “dream list” (see II below) that will be appropriate for their loved one, request that the \$500 be added to one of the church Endowment Funds, or allow the family to raise the additional funds for the choir robes. If the family chooses the raise the additional funds, suggest a reasonably short time-frame for them to do it.

II. ENCOURAGING MEMORIAL AND HONOR GIFTS

The Permanent Endowment Fund Committee should report regularly to the Administrative Board/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.

III. PROMOTING THROUGH PRINTED MATERIALS

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 or Seminaries
- A gift to endow the music program
- A gift to send children to camp
- A new building or building improvements
- A new organ, choir robes, hymnals, etc.

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

- | |
|--|
| <ul style="list-style-type: none">◆ 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.

IV. 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 at 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. A copy of the one-page “dream list” discussed earlier can be provided to the family if they express an interest in memorial to the church “in lieu of flowers.”

V. 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.

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.

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.

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
- Deferred Payment Gift Annuities
- Charitable Remainder Unitrusts
- Charitable Remainder Annuity Trusts

The United Methodist Foundation assists donors with life income gift plans. The Foundation serves as trustee and administers such plans which benefit local churches and other causes of the Church which the donors have designated. The United Methodist Foundation has the 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.

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. The detailed professional advice and assistance needed can be secured by both the church and the donor from qualified professionals. While the United Methodist Foundation of Western North Carolina, Inc does not provide legal and tax consulting services, we are positioned to be a valuable source of information and guidance in matters relating to all of these charitable gift plans and welcome opportunities to assist both the church and prospective donors.

PLANNED GIVING INSTRUMENTS

A. LIFE INCOME GIFTS

A donor can make a gift to the church and receive immediate financial benefits, including a lifetime stream of income and a charitable income tax deduction. There are several gift vehicles to choose from, such as charitable gift annuities, deferred gift annuities, and charitable remainder trusts.

Summary of Financial Benefits:

- A stream of income for the lifetime of the donor and a second beneficiary (often a spouse)
- A charitable income tax deduction
- Partial bypass of capital gains taxes on gifts of appreciated property
- A reduction in federal estate taxes

In determining which vehicle is most appropriate, the following questions should be answered:

- Will the gift be based on one or two beneficiaries?
- What is the age of the donor and/or the donor's spouse, or the age of the second beneficiary?
- What asset will the gift be funded with—cash, securities, mutual funds, real estate or other?

1. Charitable Gift Annuity

A charitable gift annuity is a contract between the donor and the United Methodist Foundation that provides advantages for both the donor and the church. Charitable gift annuities are a solid investment in the church's future as they form a valuable part of the growing endowment. Charitable gift annuities may be funded with cash, or marketable securities. The minimum gift amount to create a charitable gift annuity through the United Methodist Foundation is \$10,000.

The payout rate on a charitable gift annuity is based on the age of the donor at the time the gift is made. The rates are determined by the American Council on Gift Annuities (ACGA), a volunteer organization comprised of representatives from charitable and for-profit organizations.

Summary of Financial Benefits:

- Guaranteed, fixed stream of income for life, a portion of which may be nontaxable
- Charitable income tax deduction for a portion of the gift
- Partial bypass of capital gains taxes

2. Deferred Charitable Gift Annuity

A deferred charitable gift annuity is similar to a charitable gift annuity except that the payments are deferred to a future date. A donor may defer payments to years when income is needed more, such as retirement. The donor obtains a substantial charitable income tax deduction in the year the gift is made. Because payments are deferred, allowing the principal to grow, the donor enjoys a high payout rate later.

A deferred gift annuity is an excellent way to make a gift and receive a charitable income tax deduction while providing income for the future. As with a charitable gift annuity the United Methodist Foundation will set-up a deferred gift annuity with a minimum gift amount of \$10,000.

Summary of Financial Benefits:

- Lifetime income stream – payments are fixed and a portion may be nontaxable
- Charitable income tax deduction for a portion of the gift
- Partial bypass of capital gains taxes

3. Charitable Remainder Trusts

A charitable remainder trust is a personal management plan that provides both a lifetime income and a charitable income tax deduction to the donor. The donor selects the payout rate, usually between 5% and 7%, which gives the donor, and perhaps the donor's spouse or other beneficiary, an income every year for life. The higher the payout rate, the lower the charitable income tax deduction. If the trust is funded with appreciated securities, capital gains taxes are avoided. A Charitable Remainder Trust may be set-up with the United Methodist Foundation with a minimum investment of \$150,000.

There are two types of charitable remainder trusts: the annuity trust and the unitrust.

a. Charitable Annuity Remainder Trust

The charitable remainder *annuity trust* pays a fixed, guaranteed dollar amount, regardless of the trust's investment performance. The income rate is determined at the time the trust is funded. The annuity trust is best for donors who seek a regular, fixed income and prefer to have the satisfaction of knowing the exact amount of the payment in advance. No additional gifts may be added to an annuity trust.

b. Charitable Annuity Unitrust

The charitable remainder *unitrust* pays the donor a predetermined percentage of the fair market value of the trust's assets as re-valued annually. If the trust's assets increase, the donor receives a larger payment, providing a hedge against inflation. Additional contributions may be made to a unitrust.

Summary of Financial Benefits:

- Lifetime income stream—payments can be fixed or variable, depending on the type of trust
- Charitable income tax deduction for a portion of the gift
- Avoidance of capital gains taxes on the transfer of appreciated property
- Possible estate tax benefits

Example:

Mr. and Mrs. John Smith, ages 75 and 73, decided to establish a charitable remainder trust for \$150,000 at 5%, funded with 1,000 shares of appreciated securities that they bought years ago for \$50 per share and are now worth \$150 per share. They will receive an income payment of \$7,500 every year for the life of the trust. In addition, they save \$22,000 in capital gains taxes. They also receive a charitable income tax deduction of \$67,484, which if they cannot use entirely in the first year, can be carried forward for as long as five additional years.

If the Smiths had established a \$150,000 charitable remainder unitrust at 5%, they would receive an annual income of \$7,500 in the first year and a 5% payment each succeeding year, based on the trust's annual valuation. They would save \$22,000 in capital gains taxes, and the charitable income tax deduction amounting to \$72,384 offsets their increased income and can be carried forward for five additional years.

Summary of Benefits:

- Partial bypass of capital gains taxes on the transfer of appreciated property.
- Increased annual income over dividends.
- Obtain a charitable income tax deduction.
- Provide income to one or two beneficiaries for life.

Benefits of a \$150,000 Charitable Remainder Trust for a Donors Ages 75 and 73*

Payout Rate	Annual Income	Charitable Income Tax Deduction	
		Annuity Trust	Unitrust
5%	\$7,500	\$67,484	\$72,384
6%	\$9,000	\$50,981	\$63,003
7%	\$10,500	N/A**	\$54,972

*Figures based on a discount rate of 4.2%.

** IRS Regulations will not allow a 7% Annuity Trust for given principal amount and ages, because there is a high probability charity will not receive a remainder.

Charitable Remainder Net Income Unitrust with a Makeup Provision

A charitable remainder unitrust provides benefits in the form of a charitable income tax deduction, and an income, while avoiding capital gains and federal estate taxes. A charitable remainder unitrust pays the donor and/or a beneficiary a predetermined percentage of the fair market value of the trust's assets, but not less than 5%, as revalued annually. However, as the rate increases, the charitable income tax deduction decreases. Additional contributions may be made to a unitrust, The trust can be invested in anything, including tax-exempt securities.

Donors who consider making a gift of real estate through a charitable remainder trust should remember two important rules. First, donors cannot obtain a charitable income tax deduction unless the trust is irrevocable. Second, donors may not live in a personal residence that has been donated to an irrevocable charitable remainder unitrust.

A charitable remainder net income unitrust with a makeup provision is the most common vehicle to use when funding a trust with real estate. Because there is a delay between the gift of real estate to a unitrust and receipt of sale proceeds, the trust is unable to produce the necessary income to pay the donor. To deal with this delay, the donor creates a net income unitrust with a makeup provision, which pays a stated percentage of the value of the property, or net income, whichever is less. Excess trust income earned after the sale is used to make up the income lost before the sale of the real estate, allowing the donor to recoup lost income in later years.

For example, assume a payout rate is established at 5% on a \$150,000 trust for donors, ages 72 and 70. Under a straight unitrust, they would receive trust income of \$7,500 for the first year and 5% payment each succeeding year based upon the trust's annual value. Let's assume in the first year the payout rate of the trust is only 2% and that the net income increases gradually every year until it reaches a rate of 8%. In this case, the donors would receive a net income of 2% in year 1 and a makeup payment of 3% in a subsequent year, representing the shortfall that occurred in a year in which the trust did not earn at least 5%.

Donors also receive a charitable income tax deduction in the year the trust is established, limited to 30% of their adjusted gross income. In this example, the charitable income tax deduction for a \$150,000 charitable remainder unitrust is \$65,412. If the entire charitable income tax deduction is not used in the first year, it can be carried over for five additional years.

4. Charitable Lead Trusts

A lead trust is the opposite of a charitable remainder trust. The "lead" income is paid first to the church, and after a number of years (based on a term or a lifetime) the remainder is returned either to the grantor (a grantor lead trust) or to someone other than the grantor, such as the grantor's beneficiaries (a non-grantor lead trust). A Charitable Lead Trust is typically funded with a gift of \$1,000,000 or more.

Grantor Lead Trusts

A grantor lead trust provides income to your church for a term of years. The term may not exceed 20 years. The trust must be either a unitrust or an annuity trust form of the grantor lead trust. Unlike a charitable remainder trust, the payout does not need to equal or exceed 5% of the

trust assets, and no makeup provisions are possible as in the case of a charitable remainder unitrust with a makeup provision.

There are no estate or gift tax consequences for a grantor lead trust, but there is a charitable income tax deduction available to the grantor. The grantor is able to accelerate, in the first year, the value of the income payments to the church in the form of a charitable income tax deduction, subject to the limitations on deductibility. The grantor is, however, taxed on the income paid to the church, so the charitable income tax deduction is diminished. If, however, the trust is funded with tax-free bonds, the donor obtains a charitable income tax deduction and, because of the tax-free returns, is not taxed on the income.

For example, if a donor makes a gift of \$1,000,000 to a grantor annuity trust paying 6% for a period of 20 years, the donor obtains a charitable income tax deduction of \$801,168. Each year the grantor annuity trust will provide an annual income of \$60,000 to the church.

Non-Grantor Lead Trusts

A non-grantor lead trust provides income to your church for a period of years or a lifetime, and at the end of the term the remainder is transferred to someone other than the grantor. The grantor does not receive a charitable income tax deduction but instead receives estate and gift tax benefits. If the non-grantor trust is an *inter vivos* trust (established during life), the donor obtains a gift tax charitable deduction. On the other hand, if the non-grantor trust is a testamentary trust (established upon the death of the donor), the estate obtains an estate tax charitable deduction. Grantors are able to use the non-grantor lead trust to help transfer assets to their issue at reduced federal estate or gift tax rates. When combined with generation-skipping provisions, grantors may pass a considerable amount of property to their grandchildren while substantially reducing taxes and benefiting the church.

For example, if a donor transfers \$4,000,000 to a non-grantor lead annuity trust paying 6% for a period of 20 years, the grantor receives the following benefits:

- Donor pays no federal estate taxes.
- The net principal placed in the trust is \$4,000,000.
- 6% of the trust provides income to the church in the amount of \$4,800,000 over the 20-year period.
- If the trust grows at an income of 3% and capital appreciation of 8%, the donor will be able to distribute to his or her heirs \$16,428,881 in principal at the end of 20 years.
- If the donor transfers the property directly to the donor's family, without the use of a non-grantor lead trust, the donor would have to pay \$8,642,043 in estate taxes and no benefit is provided to the church. The donor would be able to distribute \$16,049,508 to the heirs.

B. DONOR ADVISED FUNDS

Through a donor advised fund a donor can create a freestanding fund that provides the donor and his/her family with various controls over the fund and many tax benefits. The minimum amount required to establish a donor advised fund with the United Methodist Foundation is \$2500.00.

C. ESTATE GIFTS

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 across our nation indicate that more than half of the 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 the church in their will. And, records indicate that 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 will 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.

Through their estate plans 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.

Estate and Gift Tax Rates and Credit Exemption Amount

<i>Calendar Year</i>	<i>Estate and GST Tax Transfer Exemption</i>	<i>Gift Tax Credit Exemption</i>	<i>Highest Estate and Gift Tax Rates</i>
2006	\$2 million	\$1 million	46%
2007	\$2 million	\$1 million	45%
2008	\$2 million	\$1 million	45%
2009	\$3.5 million	\$1 million	45%
2010	N/A (taxes repealed)	\$1 million	Maximum gift tax rate equal to maximum income tax rate (35%)

D. 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 must 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 must 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 so that 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.

E. RETAINED LIFE ESTATE

Through a retained life estate, a donor makes a gift of a personal residence to the church and retains the right to live in the home for life. Making a gift of property while retaining a life estate provides the donor with a charitable income tax deduction based on the value of the property, the age of the donor and his/her life expectancy. For a gift of appreciated property, a donor may take a charitable income tax deduction for up to 30% of the donor's adjusted gross income.

The donor is responsible for maintenance costs, insurance and real estate taxes. To substantiate the value of the property, the donor must obtain an appraisal from an independent qualified appraiser. The cost of the appraisal is borne by the donor and is a miscellaneous tax deduction.

F. RETIREMENT PLAN OPTIONS

Making a gift of a qualified retirement plan asset such as a 401(K), 403(b), IRA, Keogh or pension plan is another way to benefit the church and receive significant tax savings. Retirement plan assets are often subject to extremely high estate taxes, and the income is fully taxable when received by an individual beneficiary.

By naming the church as the beneficiary of a retirement plan, the donor maintains complete control over the assets during his/her lifetime, but at the donor's death the plan passes to the church free of both estate and income taxes. When creating an estate plan, donors may wish to consider leaving his/her heirs other assets, such as cash and securities, which are not as highly taxed.

What You Can Give

A. CASH

A gift of cash is the most common and convenient way to give to the church. Gifts may be made outright. Donors who itemize tax deductions are able to fully deduct cash gifts up to 50% of their adjusted gross income. Any excess may be carried forward for up to five additional years. Donors may designate their gift for a specific use by enclosing a brief note when making the gift.

Checks should be made payable to the church.

B. STOCKS AND OTHER SECURITIES

1. 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 securities on the date they are given, capital gains tax may also be avoided on gifted long-term securities. Many persons own appreciated securities which are paying minimal dividends and 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 value of the securities when they received them, 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 a reduced cost. If the proper procedures are followed, the donor can avoid paying any capital gains tax. And, the church which receives the appreciated securities can sell them without paying any capital gains tax.

2. Gifts of Closely Held Stock

Closely held corporations are corporations whose stock is owned by family members and/or by business associates. The stock is private in that it is not publicly traded and, in most cases, there are restrictions on the transfer of the stock to third parties.

With an outright gift of closely held stock, the donor typically transfers the stock to the church. To determine value, the donor has the stock appraised and obtains a charitable income tax deduction equal to the appraised value of the stock. The appraisal must be conducted by an appraiser who is knowledgeable in establishing the value of closely held stock. The church then redeems the stock to the corporation or one of its trustees and receives a check for the redemption price.

C. GIFTS OF REAL ESTATE

Donors can make a gift of commercial or residential real estate to the church and receive substantial financial benefits. Property may be given outright to support the purposes of the church, and the donor can take a charitable income tax deduction based on the appraised value of the property. Or, the donor may use a home or land that is no longer wanted or needed to fund a life income gift. A gift of real estate should meet specific guidelines. The United Methodist Foundation can advise your church on drawing these up.

D. LIFE INSURANCE

As stated earlier, donors can use life insurance to make a gift to the church. Donors may make gifts of paid-up policies, resulting in a charitable income tax deduction for the policy's cash surrender value. An important use of life insurance is its ability to replace the value of an asset that has been given to the church. A donor can use the tax savings produced by the charitable income tax deduction to purchase and pay premiums on life insurance policies whose proceeds equal the value of the gifted property. This arrangement can serve to protect the interests of family members.

E. TANGIBLE PERSONAL PROPERTY

Donors can make gifts of tangible personal property, such as cars, boats, art, books, antiques and collections to the church. A donor's charitable income tax deduction is based on the "related use" of the property, which means that if the property is related to the church's exempt purposes the donor can take a charitable income tax deduction for gross sales proceeds when the charity sells the vehicle. If the property is unrelated to the exempt purposes of the charity, the donor can deduct the cost basis of the property. All gifts of tangible personal property should first be approved and accepted by the church's Board of Trustees or Endowment Committee.

NOTE !
SOME FACTS THAT NEED TO BE CONSIDERED

(1) While the United Methodist Foundation is 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 it has been accepted by the church 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. The United Methodist Foundation is 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.

CHAPTER VII

RESOURCES

In this chapter you will find a variety of ideas, information, and resources or planned giving and endowment programs.

Each topic is titled at the top of the page in the following format to assist you in locating the information needed.

Blessed to Be a Blessing

It is the intention of the publishers that this handbook be a live and growing stewardship tool for the local church. Additional information, updates, and resources will be sent to you for inclusion in your copy of the handbook.

PRINTED RESOURCES

Critical to the success of any task are the selection and proper use of the right tools. Your closest contact point for these tools is **the United Methodist Foundation office**. There is a wide variety of leaflets, brochures, books, and other resources available from sources too numerous to list in this publication. But, a call or letter to the Foundation office will bring prompt assistance in locating the best resources to meet the needs of your church. **This contact is suggested as the first step** in your search for resources with which to build and operate a planned giving and endowment program in your church.

The **National Committee on Planned Giving** publishes a **Bibliography and Resource Guide** which is a rather extensive listing of books, loose-leaf manuals, donor prospect materials, booklets, periodical articles, newsletters, computer software, and audio-visuals. The United Methodist foundation is able to share information from this NCPG Guide.

The **National Society of Fund Raising Executives** maintains a library of fund raising resources.

While the list of books on the subject of planned giving is almost unlimited, the United Methodist Foundation can assist you in locating printed resources on subjects in which you have an interest or need.

There are many sources from which you can secure **brochures and leaflets on specific planned gifts**. The United Methodist Foundation has brochures for many of these gifts and is willing to provide them to your church or willing to help design one specifically for your purposes. There are also planned giving vendors such as Robert F. Sharpe and Company who provide brochures on every planned giving vehicle. The United Methodist Foundation staff can assist you in selecting the proper materials for your church.

Additional printed resources are available from the Planned Giving Resource Center, P. O. Box 840, Nashville, TN 37202 -- such as a series of inexpensive brochures on the subject of wills. Again, the United Methodist Foundation office is familiar with the resources available and will be glad to assist in your selection of the best materials for your church.

Do not let limited finances prevent your church from launching a planned giving and endowment program. While good resource materials are extremely important, it is also possible to secure some which are within your budget. The United Methodist Foundation staff can help you choose materials which will meet your specific need.

If you need assistance in the selection of printed resources, please feel free to contact us.



**3400 Shamrock Drive
Post Office Box 18005
Charlotte, North Carolina 28218**

**1-800-562-7929, ext 146
704-535-2260, ext 146**
www.umfoundationwnc.org

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 a 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 the United Methodist Foundation. Study and become familiar with this resource, Blessed to Be a Blessing, and other sources which the foundation office can recommend.
6. Communicate with church members through the 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. Some suggestions are:

TOPICS: Wills and Estate Planning
Life Insurance Gifts
Trusts and Endowments
Stocks, Bonds, Mutual Funds, Real Estate
Other Kinds of Gifts

WILLS and ESTATE PLANNING

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. You have the opportunity to support this ministry in many ways. Naming your church as a beneficiary in your estate plan or the making of an endowment gift 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? Contact an attorney and make your will soon.

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? Your attorney can assist you in reviewing and revising it to satisfy your current wishes.

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 ministry through your church after your death.

10. Is your church in line? Every year thousands of wills are probated where many or all of the named beneficiaries have predeceased the maker of the will. In such cases, the assets intended for the deceased beneficiary pass to the final or residuary beneficiary. So please, consider asking your attorney to put your church in your will as the residuary beneficiary. The church is willing to be last in line, but don't forget to put your church in your will.

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? Reviewing your plans at every major life event, such as a birth, marriage, divorce, etc., is essential. A review every three to five years is also wise. Ask your lawyer to review your estate plan with you on a frequent basis to ensure that your wishes will be carried out.

13. Do you know who your heirs will be? Is your church a beneficiary of your estate? Did you know that an estimated 70% of adults who die do not have a Will or Living Trust? Without proper estate planning, no charity can receive gifts from your estate. Be sure your estate planning documents are up to date.

14. There are many reasons to update your estate planning documents. One good reason is to include a gift to your Church.

15. Proper estate planning can reduce administrative time, expense and inconvenience. Careful estate planning can also be one of 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. A gift to your church is a testimony to the faith and confidence you have in the ministry of the church. A bequest or estate gift is a testimony to your faith in the future.
28. The gifts you make in your estate plan can carry on your charitable support after your death. Consider making a gift to the Church in your estate plan.
29. Avoiding probate or minimizing estate taxes at death require proper planning. When you are doing this planning, consider making a gift to your church in your estate plan.
30. When you need a will, it's too late to have one drawn. Don't wait to your estate plan prepared. None of us knows when our earthly life will end. Prepare your estate plan now and remember that a gift to your church will help others even after your death.
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.
33. Consider making an endowment gift to the church for a scholarship fund or other memorial in the name of your family. In this manner, your family name can live on forever. Feel free to discuss with the pastor any special programs or projects you would like to support.
34. Did you know that the state has made a will for you if you have no will yourself? These laws might not leave your property to the people you would choose. These laws definitely don't leave any property to the church or any other charity. We think the preparation of a will or living trust is your final action of Christian stewardship.
35. You can share your faith beyond your lifetime by including your church in and signing your estate planning documents now. You will have the joy of knowing that whatever you do not use in this life and designate for your church will continue in ministry after your death.
36. Proper estate planning can reduce administrative time, expense and inconvenience. Be sure to document your estate planning properly. You may even want to consider giving the church the administrative costs your estate will save by having the appropriate documents in order.

37. 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, consider naming your church as one of your beneficiaries.

38. Did you know that owning all of your assets jointly may result in paying federal estate taxes that might be avoided through proper estate planning? Ask your tax advisor and have your advisor add the church to your estate plans as a beneficiary.

39. Our trustees and pastor enthusiastically support planned giving to our church. Contact any of them for more information.

40. We accept endowment gifts! The earnings will be used for special church projects. The principal of the gift is never spent and continues indefinitely.

41. Anyone can give an endowment gift. Any size gift may be made as an endowment. You may make this gift now or as part of your estate plan.

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 part or all of any life insurance policy.

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 named 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 may 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.

5. Did you know that life insurance beneficiary designations take precedence over your will? Beneficiary designation is part of a contract between you and your insurance company. If you wish to name your church as a beneficiary or partial beneficiary, just request a new beneficiary designation form from your insurance company.

6. Did you know you can direct the annual dividends on your life insurance policy to be paid to your local church? Contact your insurance company for more information, and ask your financial advisor if this dividend gift to your church is tax deductible for you.

TRUSTS AND ENDOWMENTS

1. Donor-established 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. 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 to a large extent. There also may be a significant current income tax deduction at the time the trust is created. Your conference/area United Methodist foundation can provide you with specific information on how this would work for you.

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 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.

6. Consider setting up an endowment through your conference/area United Methodist foundation. This will ensure that the principal is never invaded and that earning flow to your church or other United Methodist cause. Contact your foundation for more information.

7. Charitable Remainder Trusts or Charitable Lead Trusts allow you to make a gift to charity of principal or income, while keeping one or the other for yourself or other beneficiaries. We urge you to investigate these possibilities with your conference/area United Methodist foundation and your financial and tax advisors.

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. But—be sure you donate the property to the church and they sell it. If you sell it yourself and donate the sale price, capital gains taxes may apply!
2. If you plan to leave your home to the church following your death, you can transfer the property now and still maintain 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 are excellent means of making a gift to your church. You may be entitled to a federal income tax deduction if you give these securities to the church during your lifetime. Ask your conference/area United Methodist foundation and your financial or tax advisor for assistance.
4. If you are a stockholder in a closely-held corporation, consider having the corporation make a gift to your church. Like individuals, corporations may qualify for tax deductions for charitable gifts.
5. Some corporations have programs to match gifts that are made to charities by their employees and retirees. This is a way of greatly increasing your gift to the charity. While most corporations do not match gifts to local churches, they may match gifts that help further the ministries of your local church.
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

1. You may specify that your bank accounts are held 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 bypass you will and go to your church without estate taxes. Most banks have the forms readily available so that you can easily establish this kind of an “in trust for” account.

2. The church will consider gifts of jewelry, art, coin collections, antiques, mineral rights and related items. These gifts can be made during your lifetime or at your death. Contact your tax advisor for more information about how to calculate your tax deduction.
3. 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.
4. Memorial gifts to your church meet two important needs at once. (A) They allow you to express your feelings at the loss of a loved one. (B) 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.
5. Our pastor enthusiastically supports the church's planned giving program. If you are interested in making any special gifts to the church, feel free to discuss this with the pastor. The pastor will put you in touch with appropriate advisors.
6. 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.
7. If a special friend or relative precedes you in death, consider commemorating this individual through a memorial gift to your church. This will show your appreciation for this treasured relationship and help the church at the same time. An acknowledgement card will be sent to the surviving family, letting them know of your gift without disclosing the amount.
8. Your gifts to your church are a testimony to your faith and the confidence you have in your church. Both lifetime gifts and testamentary gifts through your will express your feelings in a meaningful way.
9. A gift can be made to the church by selling the church an asset at less than current market value. The difference between the sales price and the current value is a gift to the church when it buys the asset. This type of gift can qualify for a federal income tax deduction.
10. Consider naming the church as a beneficiary of your retirement plan. In many cases this turns out to be a tax-wise asset to gift to charity. If you already have named other beneficiaries, consider naming the church as a secondary or backup beneficiary in case any other primary beneficiaries are deceased at the time of your death.

Appendix



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**1-800-562-7929, ext 146
704-535-2260, ext 146
www.umfoundationwncc.org**

Ministries We Offer You and Your Church

Endowment Development

- Step-by-step guidance throughout the Endowment establishment process
- Preparation of Endowment documentation in compliance with The Book of Discipline

Planned Giving

- Planned Giving seminars to increase endowment
- Stewardship programs through planned giving that are tailored for your church
- Planned Giving vehicles
 - Charitable Gift Annuities
 - Charitable Remainder Trusts
 - Charitable Lead Trusts
 - Donor Advised Funds

Fund Management

- Competitive rates
- Five investment fund options
- Good returns

UMF Development Fund

- Competitive interest rate
- Investment option for individuals, churches, or institutions
- Funding source for church loans

UMF Loan Program

- Competitive interest rate
- Loans for new construction, debt refinancing, property purchase, and major renovations

Stewardship Education

- District Leadership Conferences for clergy and laity
- Annual Stewardship Event for clergy and laity
- Consecration Sunday Leader's Training Event
- Art of the Start / Bishop's Convocation on Stewardship

Scholarships and Grants Program

Advantages to Using the Foundation

- Professional Money Management
- Monthly or quarterly Statements
- No minimum to open a fund management account
- Investment consultant services from Callan Associates, including selection and evaluation of money managers and investment strategies
- Timely reporting and monitoring of assets under management
- Oversight by the Investment Committee of the Foundation
- Professional accounting staff -- 2 CPA's and an accounting clerk
- 2 Ordained Ministers on staff
- Individual reporting for separate accounts
- Investments consistent with United Methodist socially responsible guidelines

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 payments from a gift 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 which pays death proceeds or living benefits to a qualified charity.

CHARITABLE REMAINDER ANNUITY TRUST - A trust which 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 - An 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 policy-holder.

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 payments to the beneficiary to commence at a future date and to continue for life.

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

ENDOWMENT POLICY - A life insurance policy which provides a death benefit of the face amount should the insured die during the premium paying period. If the policy-holder lives to the end of the premium paying period he or she receives the face amount of the policy.

ENDOWMENT - Assets which are held and invested to provide an income or 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. This tax is paid by the donor.

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

FIVE-YEAR CARRY-OVER RULE - A federal income tax provision which permits a donor to carry over into the five succeeding tax years any amount of a charitable deduction which exceeds the deductible amount which 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 which 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 which produces income taxed at the owner's regular income tax rate.

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 which bequeaths or devises property which 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 which 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 which 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.