

# WHERE'S THERE A WILL...THERE'S A BEQUEST

*Understanding & Promoting Bequests*



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# GIFT PLANNING: Three Major Players

**FIRST** - The Family Individual – Donor(s)

**SECOND** - The Places & Areas of Need: Faith Community, Hunger, Health, Education, Environment, Animals, and the Arts

**THIRD** - Non-profit organization serving as a bridge between the donor and those in need



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# Traditional Bequest / Planned Gift

DONORS  CHURCH

Donor's Concerns are Roadblocks to Bequests

- Poor Stewardship History
  - My Church is Declining – What if?
  - Need Trusted Guidance
  - Want to Support Several Charities
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# The New Concept in Gift Planning


DONOR CREATES A FUND  FOUNDATION AS TRUSTEE

- Donor Advised Fund, Donor Endowment Fund
- Created During Life or Bequest at Death - Combination
- Direct Fund Income to Church & Other Charitable Beneficiaries
- Named Contingent Charitable Beneficiaries
- Professional Gift Administration: Donor Funds, Gift Annuities, Charitable Trusts
- Investments: Socially Responsible, Institutional Caliber, Connectional




# The Church's Role

## Develop Strong Case Statement for Legacy Giving

- Why do You Need Bequests
  - A Compelling Vision & Mission
  - Forward Looking – Use History as a Springboard not a Destination
  - Connect Generosity to Discipleship
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# The Church's Role


- Explore the Traditional & New Concept in Planned Giving
  - Develop Church Endowment Policy
  - Create a Year-Round Stewardship Plan Including Planned Giving
  - Host Educational Planned Giving Workshops
  - Meet with Prospective Donors
  - Thank & Recognize Past and Present Donors
  - Tell the Stories
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# The Foundation's Role: Churches

- Explore the Traditional & New Concept in Planned Giving
- Church Endowment Policy
- Year-Round Stewardship & Planned Giving Promotion Plan
- Co-Branded Marketing Materials
- Donor Meetings
- Planned Giving Workshops
- Matching Gifts for Foundation Permanent Endowments




# The Foundation's Role: Individuals & Families

- The Philanthropic Discussion
  - Faith & Wealth Connection
  - Trusted Third Party Partner
  - Gift Planning Expertise
  - Resource Materials & Education
  - Valued Member of Advisory Team
  - Tailor Made Gift Plans & Arrangements
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# Who Creates a Bequest(s)?

- People Who Give Regularly and Over a Long Period of Time
  - People Who Volunteer
  - People Who Have Relationships / Connection with other Donors
  - People Who Do Not Have Heirs
  - People With Modest to High Net Worth
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*“Human behavior flows from three main sources: desire, emotion, and knowledge.” – Plato*

- Many People Consider a Bequest or other Gift Arrangement
  - Not Understanding the Estate Process is a Major Roadblock
  - Not being Asked = Not being Reflective, Inspired, Appreciated
  - In All Things - Pray and Discern
  - Develop a Personal Theology of Money and Wealth
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**PERSONAL  
ASSETS**

**BUSINESS  
ASSETS &  
IRA  
ACCOUNTS**

**LIFE  
INSURANCE**

**REAL  
ESTATE**

Will or Trust/Intestacy

Beneficiary

Beneficiary

Deed / Trust



**PROCESS**

- 1 - Analyze
- 2 - Objectives
- 3 - Priority
- 4 - Build a Plan
- 5 - Action


**ESTATE CASH NEEDS**

- Long Term Care
- Federal Estate Taxes
- State Inheritance Taxes
- Attorney's Fees
- Administration Costs
- Other Debts

**Money To Family  
&  
Charity**




# KNOW WHAT TO GIVE

- Taxable Assets to Charity (Non-Taxable)
  - Tax-Free Assets to Family (Step-in-Basis)
  - Assign Tangible Assets
  - Clean House
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# KNOW HOW TO GIVE

- Bequests – Will or Trust
  - Beneficiary Designations
  - Donor Advised Fund – DAF
  - Donor Endowment Fund - DEF
  - Split-Interest Gift
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# THE BEQUEST – WILL/TRUST

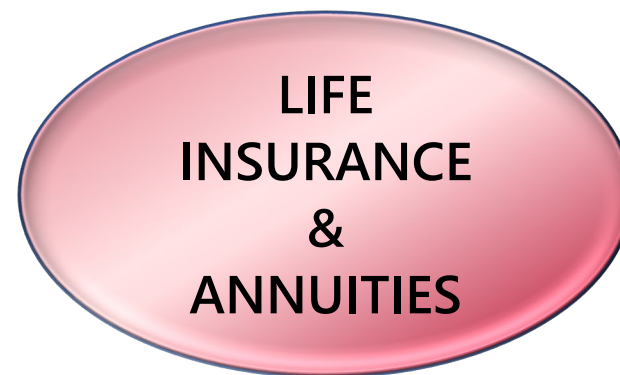
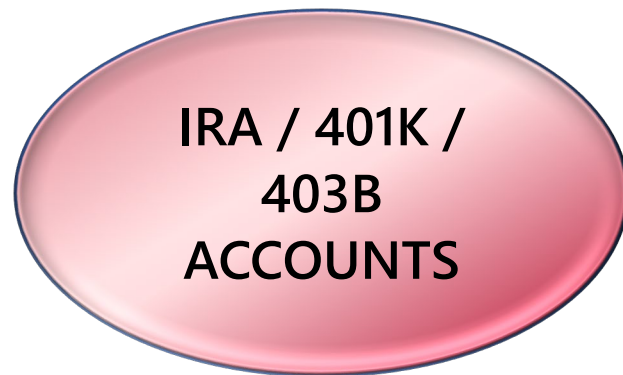
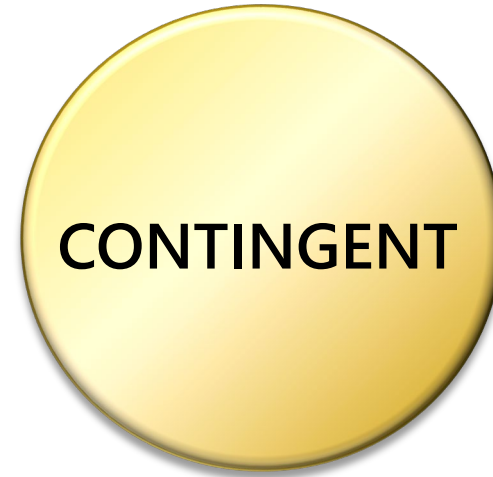
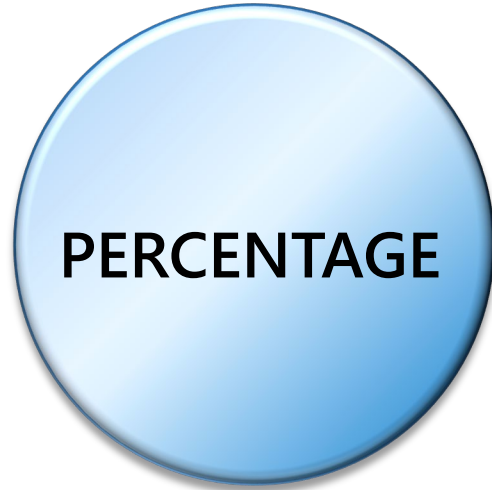
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AMOUNT**

**PERCENT OF  
RESIDUAL**

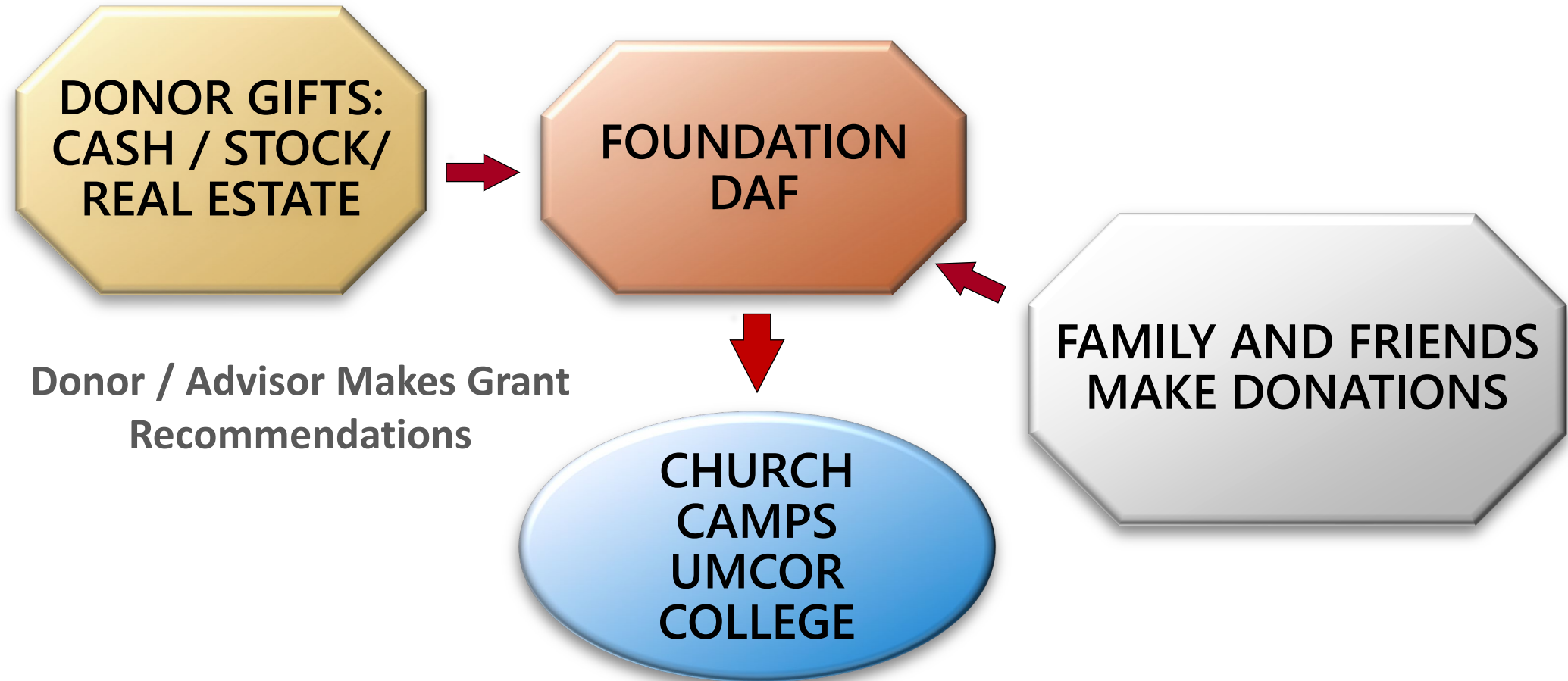
**SPECIFIC  
PROPERTY**

**CONTINGENT**

# THE BENEFICIARY DESIGNATION

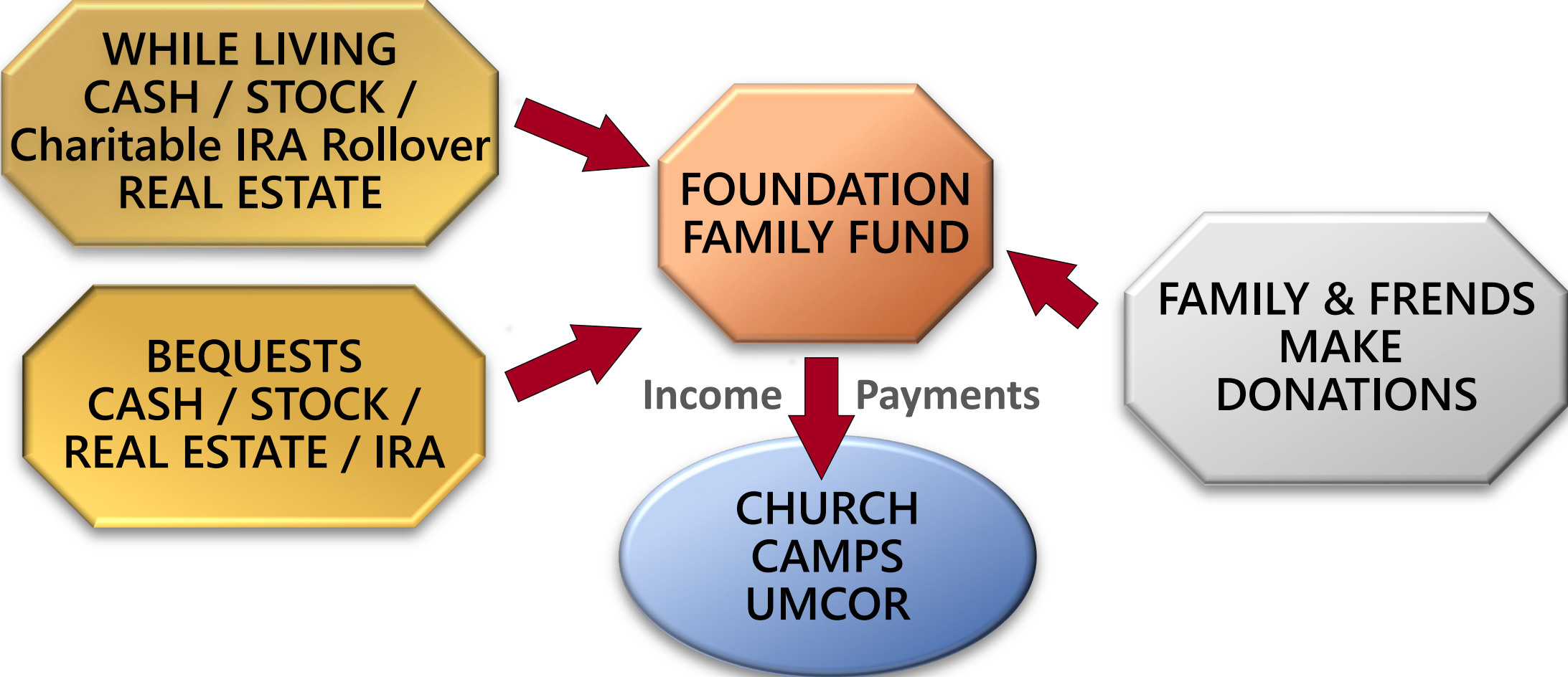


# THE DONOR ADVISED FUND - DAF

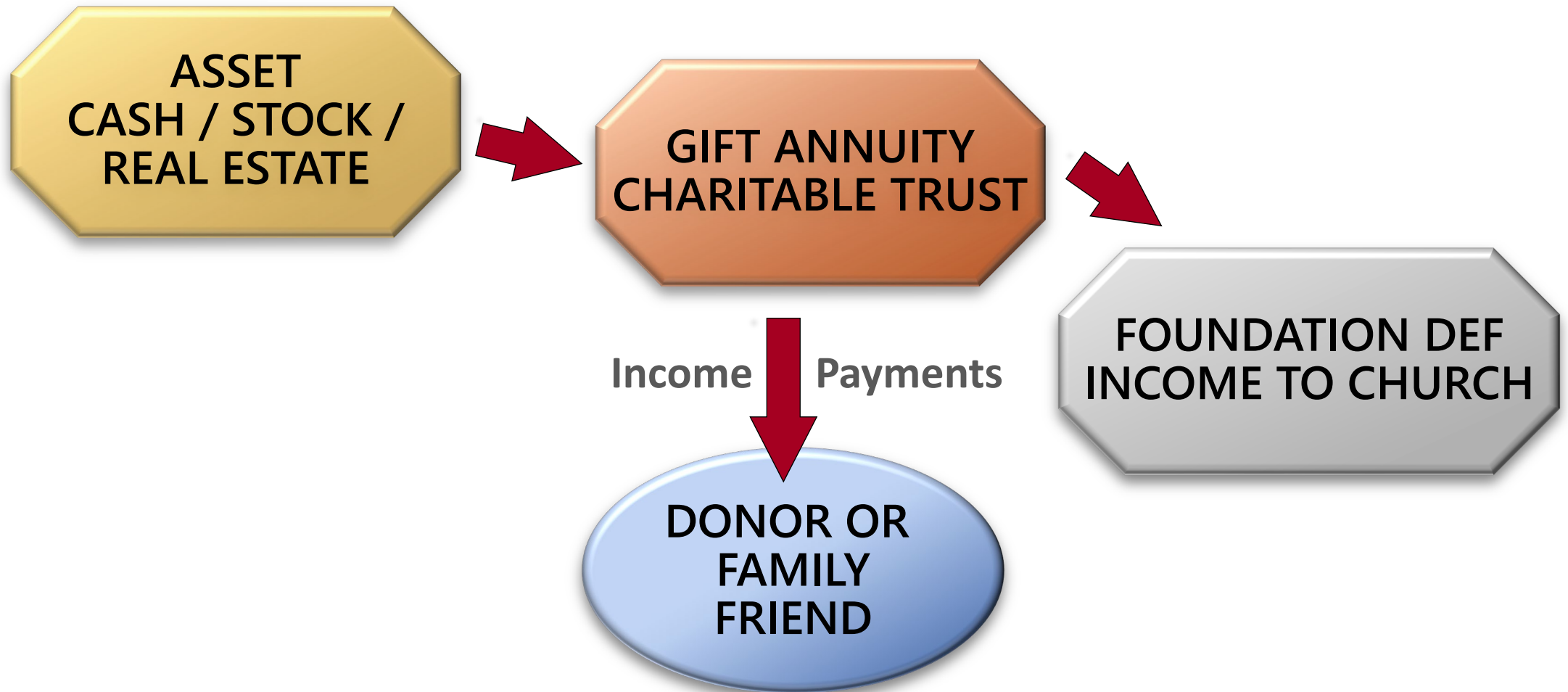




# THE DONOR ENDOWMENT FUND - DEF



# THE SPLIT INTEREST GIFT



# Edith Bunker Case Study

Edith, age 78, is widowed with no children. Since her husband's death three years ago, Edith has been thinking about her estate plan. She just received a market value report of her real estate and was surprised to learn how much her total estate was worth. The value of her home and lake house totaled \$1.2 million dollars. Combined with her investments (including a \$1 million IRA account), Edith's net worth is currently \$2.6 million dollars. Edith decides to give her two nieces \$300,000 each. The balance of her estate (\$2 Million) will be given to various charities.

# Edith Bunker Case Study

Now comes the hard part – completing the philanthropy puzzle. First, Edith must choose which charities will receive a bequest, and then how much. She decides after her gift to her nieces that her United Methodist Church will receive 60% of her estate. The remaining 40% will be divided equally between Camp UMC, where she had served on the Board of Directors, and the college where she met her husband.


# Edith Bunker Case Study

Edith loves the church and knows that without some direction a large gift could cause division. Her discernment left her with three options: 1. An unrestricted bequest, 2. Restrict the bequest to provide income only, 3. Restrict the bequest to income only and designate the income for a specific ministry. There are pros and cons to having strings attached to a large bequest and making this decision will be difficult.

To finish the philanthropy puzzle she must choose which assets to give her nieces, and which ones to give to charity. There are also other issues concerning Edith, such as who could act on her behalf, both in terms of finance and healthcare, if she were to become incapacitated. Who would make sure her pledge to the church would continue?




# GIFT PLAN HIGHLIGHTS

- Edith works with her advisors and the Foundation to select the best assets to give to her nieces and sort out her charitable bequests
  - She establishes a Donor Endowment at the Foundation to receive her bequest
  - She decides that the income is to be unrestricted and paid quarterly to her church and other beneficiaries
  - Edith names Camp UMC as the contingent beneficiary should her church close
  - Edith chose her niece Jill, who is a doctor, to be her healthcare proxy, and her niece Judy, who is an accountant, to be her estate representative
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# GIFT PLANNING IDEAS

- Use Your Foundation
  - IRA Charitable Rollover (For those over 70 1/2 years old)
  - Consider a Bequest
  - Bundle Charitable Contributions to Receive Tax-Deduction
  - Gift Appreciated Assets
  - Donor Advised Fund (DAF)
  - Foundation Donor Endowment Fund (DEF)
  - Life-Income Gift Plans
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# GLOSSARY

- **CHARITABLE IRA ROLLOVER:**

The law uses the term “qualified charitable distribution” to describe an IRA charitable rollover. A qualified charitable distribution is money that individuals who are 70½ or older may direct from their traditional IRA to eligible charitable organizations. The provision has a cap of \$100,000 for charitable distributions from individual IRAs each year. Individuals may exclude the amount distributed directly to an eligible charity from their gross income.

- **DONOR ADVISED FUND (DAF):**

A DAF is like a charitable investment account, for the sole purpose of supporting charitable organizations you care about. When you contribute cash, securities or other assets to a DAF or a public charity, like the United Methodist Foundation of New England, you are generally eligible to take an immediate tax deduction. Then those funds can be invested for tax-free growth and you can recommend grants to an IRS-qualified public charity.



- **DONOR ENDOWMENT FUND (DEF):**

The DEF is a charitable investment account established and held at the Foundation. The donor designates charitable organizations: churches and/or related agencies of the United Methodist Church as income beneficiaries. When you contribute cash, securities or other assets to your DEF at the Foundation you are eligible, depending on your tax situation, to take a tax deduction. Those funds are invested for tax-free growth and you can name any church or related agency of the United Methodist Church as the income beneficiary, including contingent beneficiaries. You can determine when the income payments to the beneficiaries begin.

- **CHARITABLE GIFT ANNUITY (CGA):**

A CGA is a split-interest gift. The Foundation receives the asset and the annuitant(s) receive lifetime income payments. To create a charitable gift annuity, you transfer an asset (cash or stock) to the Foundation – naming your church as charitable beneficiary. In return, the Foundation agrees to make payments for life to you, you and a loved one, or another person. Each guaranteed payment is fixed and the amount of each payment will depend on the age of the person who receives the payments.

