

# AN ACT OF FAITH.



As Christians  
we share in the  
affirmation that all we  
have comes from God.

It is our joy to take  
care of God's trust  
in us for our family, for  
ourselves, and for the  
world. When we  
recognize God in  
all we have, all we  
are, and all we do,  
giving becomes an  
act of faith.



## ACT NOW!

When you have your estate planning documents prepared, consider asking your lawyer to insert a provision leaving a bequest to your church. You may want the gift to be an endowment, where the church will spend only the income, reinvesting the principle forever.

Because laws vary from state to state, you will want to talk with your attorney and other advisors as you plan your estate and financial affairs.

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# *Giving*

## IS AN ACT OF FAITH



**Why it Makes Sense to Give**





## HOW WE CAN RESPOND?

One option we have in acting on that faith is to include our church or other United Methodist charitable concerns in our plans.

Those plans might include a gift now or a gift in the future. To make a faith gift in the future, we will want to prepare a will or other related estate planning document.

As United Methodists we believe that the tithe is the Christian standard of giving. That standard extends to our future giving as well as to our current giving. As you accomplish your estate plan, we encourage you to consider the tithe in your will or other document.

Consider this material carefully and prayerfully. We hope it will answer some of your questions and stimulate you to seek additional guidance.



## CHARITABLE GIFTS

There are many ways to make charitable gifts, both during life and at death. As our tax laws change, new ideas continue to

be developed. However, the most important alternatives today include the following:

### OUTRIGHT GIFTS: A Common Choice

The most popular method of making a charitable gift is through an outright transfer. Usually, outright charitable gifts are in cash, but any type of property, including stocks, bonds, real estate, and collectibles may be given, even to your local church.

### REAL ESTATE: A Valuable, Often Overlooked, Opportunity for Giving

Any real estate can be given to your church. In fact, a gift of a personal residence or farm may be made to a charity now, while you continue to live there during your lifetime. A current income tax deduction may still be available. Outright gifts of other real estate can also qualify for an itemized charitable

income tax deduction.

### LIFE INSURANCE: An Opportunity to Give Beyond Your Means

Many individuals name their church as the owner or beneficiary of a life insurance policy. This gift may be much larger than any gift they might otherwise be able to make.

Some individuals, who want their life insurance proceeds paid to their family, name a church or charity as the contingent beneficiary to receive the proceeds if the family members do not survive the insured. A charity may also be named as the recipient of annual dividends from insurance policies. All of these gifts occur without probate or other administrative delay.

### BARGAIN SALES: A Sale at Less Than Fair Market Value

Bargain sales involve a sale of securities, real estate, or other property to a charity at less than the fair market value. The transaction is part gift and part sale. The seller qualifies for an itemized charitable deduction for the difference between the fair market value and the sales price.

### RETIREMENT FUNDS: An Increasingly Popular Item to Give

More and more people are naming their church as a contingent beneficiary of their retirement plans or individual retirement accounts, to succeed other family members. If you and other family members die before receiving all of the funds, the church receives the remaining property.

### BANK ACCOUNTS: An Inexpensive, Flexible Gift

A popular way to make a charitable gift is to open a bank account in trust for a charity. The person who opens the account has the right to make deposits and withdrawals, or to close the account at any time. The remaining balance at death automatically becomes the property of the named charity. This occurs without probate or other administrative delay.

## DEFERRED GIFTS: Set Up to Provide Income or Life Use to Your Beneficiaries Or to the Church

Five primary types of deferred life income gifts:

**1)** The Charitable Remainder Unitrust is an irrevocable transfer of property to a trustee who pays you and/or your chosen beneficiaries an income for life. The income is a fixed percentage of the annual fair market value of the trust. Thereafter, the trust assets become the sole property of the charity.

**2)** The Charitable Remainder Annuity Trust is similar to a Charitable Remainder Unitrust, except the annual income paid to the beneficiary is a fixed annual amount.

**3)** A Pooled Income Fund provides annual income for your life or the life of your chosen beneficiaries. The amount will be what the charity gets when investing your funds together with the gifts of others who make similar gifts.

**4)** A Charitable Gift Annuity provides for a fixed annual payment for the life of the beneficiaries.

**5)** A Charitable Lead Trust provides the income to the charity for a period of years, with the remainder coming back to you or going to your chosen beneficiaries.

In each of these cases, itemized income tax deductions result. Responsibility for investing your gift may also be shifted to the charity. Discuss these advantages with your tax advisor.

## CHARITABLE BEQUESTS AT DEATH USING WILLS OR TRUSTS CAN LEAVE A CHARITABLE LEGACY

Outright gifts at death through a will or trust are perhaps the most common method of making a bequest at death to a charitable institution. This may be a fixed dollar amount, a percentage of the estate, a distribution as a successor to a deceased beneficiary, or a gift as the final taker if all named beneficiaries are deceased.