



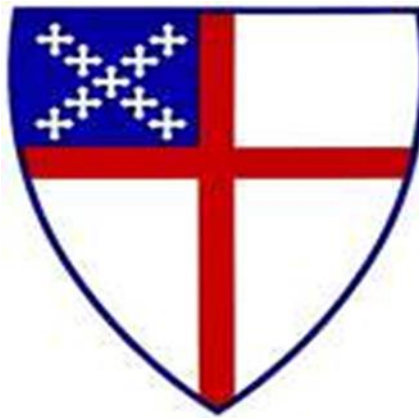
Planned Giving  
a/k/a  
Legacy Stewardship  
benefiting



Christ the King  
Episcopal Church

February 18, 2018





“The Minister of the Congregation is directed to instruct the people, from time to time, about the duty of Christian parents to make prudent provision for the well-being of their families, and of all persons to make wills, while they are in health, arranging for the disposal of their temporal goods, not neglecting, if they are able, to leave bequests for religious and charitable uses.” from The Book of Common Prayer, p. 445



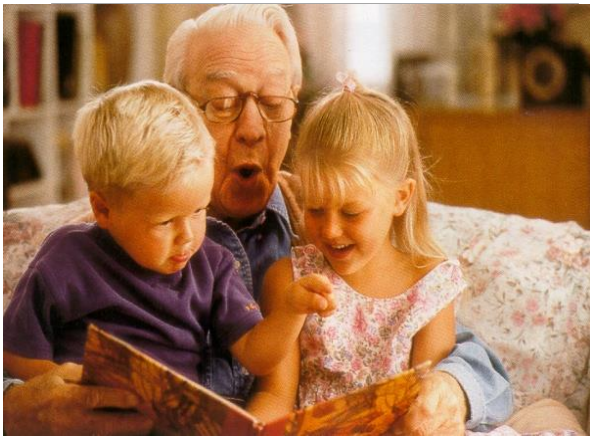
Smithsonian  
Institution

## Planned gifts are not new

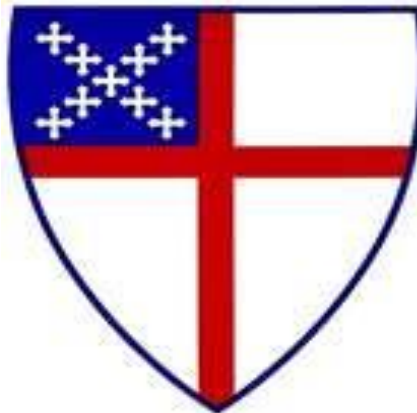
- Last will of James Smithson, who died in 1829, left property in trust for a nephew, Henry Hungerford. After Henry's lifetime, the assets were to pass to his descendants;
- Henry Hungerford died in 1835, leaving no heirs;
- Provision that if Henry died without surviving descendants, the property would pass to "the United States of America to found an establishment for the increase and diffusion of knowledge among men"
- Received by U.S. in 1836: 11 boxes of British gold sovereign coins and other property valued at then \$562,000 or 1.5% of the entire U.S. budget;
- Ten years later, Congress and President James Polk enacted legislation that created the Smithsonian Institution
- ...and now you know the rest of the story!

# Estate Distribution

## Only Three Places to Go



■ **Family**



■ **Charity**



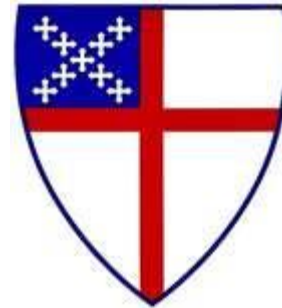
■ **Taxes**

# Keep in Mind...

- Most Americans think of charitable giving as:
  - Cash or writing checks
  - Gifts of used items
  
- Few Americans are aware of:
  - Gifts of Securities or Real Estate or other assets
  - Bequests and Beneficiary Designation Gifts
  - Life - Income Opportunities

# Current Gifts

- Cash
- Securities (Corp match?)
- Real Estate
- Concept of Hybrid or Blended Gifts



## Revocable After-Lifetime Gifts



- Bequest in Will
- Gift of Retirement Assets
- Gift of Life Insurance

# Dual-Benefit Gifts



- Charitable Remainder Trusts
- Charitable Lead Trusts
- Charitable Gift Annuities
  - Current
  - Deferred
- Retained Life Estates



# Bequests

- A gift in a Will or Living Trust
- Benefits include:
  - Retain use/control of assets during life
  - Preserve Lifetime Flexibility - Change Mind
  - Desire Charitable Deduction for your estate
  - Want to Achieve Charitable Purpose
  - Simplicity



# Ways to leave a Bequest

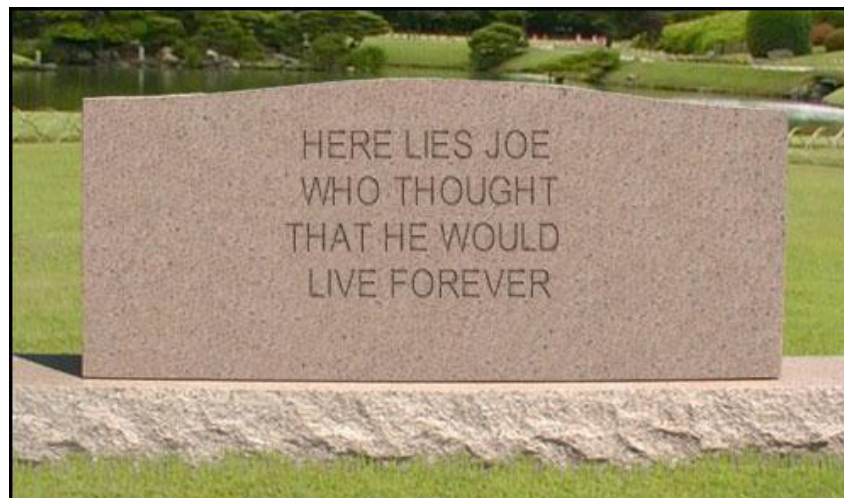
(have suggested bequest language available)

- **A specific amount**
  - *Example:* I bequeath \$100,000 to (name)
  
- **A percentage of the estate**
  - *Example:* I give 25% of my estate to (name)
  
- **Leave the remainder of the estate**
  - *Example:* I give the rest and residue of my estate to (name)

# Die without a Will?

What happens when someone dies without a will - who gets the property?

- State intestacy laws decide
- Typically family; varies from state to state
- Charity gets nothing



# Gifts of Life Insurance

(have beneficiary designation info available)

## ■ Two Ways to Give

- Name charity as beneficiary of a life insurance policy. (Revocable)
- Change ownership and beneficiary of a life insurance policy to charity. (Irrevocable)



# Who Gives Life Insurance?

- Beneficiary Designation Gift:
  - Donor of any age who wants to use existing assets to make a gift at death
  - Donor who wants to leverage their current dollars into a larger gift in the future
- Change Ownership Gift:
  - Typically an older Donor who has no need for the death benefit for family
  - Wants policy out of Estate for tax purposes
  - Knows gift is irrevocable
  - Wants current income tax deduction

# Gifts of Retirement Assets

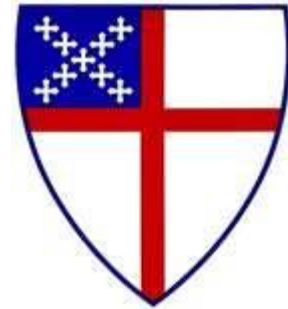
- Retirement Assets include:
  - IRAs
  - 401(k), 403(b), Thrift Savings Plan and other employer sponsored plans
- Benefits include:
  - Retain usage and control during life
  - Flexibility of a revocable gift
  - Tax Benefits – give highest taxed asset to charity, leaving better assets for family
  - Simplicity – change beneficiary form

# A Special Case for IRA's...

- On December 18, 2015, the President signed legislation indefinitely extending the charitable IRA rollover, making it retroactive to Jan. 1, 2015, with no expiration date. A gift that qualifies, technically termed a “qualified charitable distribution (“QCD”).
- The IRA owner must be 70 1/2 or older;
- The transfer can be for no more than \$100,000 per year, the amount may be smaller ;
- The QCD is not reported in your taxable income, but you receive no tax deduction;
- Only applies to gifts from Individual Retirement Accounts and NOT from 401(k) plans or other tax-favored retirement planning vehicles;
- Qualifies toward the required minimum distribution. The transfer is made directly from a custodian or trustee to the charitable organization;
- Discuss with your tax and financial advisor before initiating such a gift.

# Gift Agreement Letter

- Allow flexibility to the giver
  
- Agreements outline:
  - Method of gift
  - Purpose of gift
  - Administration of gift







Out of the Box Philanthropy

# A few words about documenting gifts

## *Why tell the church you've made plans for a future estate gift?*

- Allows church to say “**thank you**” ;
- Always give the option of anonymity;
- Provides the opportunity to correct errors; e.g., legal name, illegal or prohibited terms and uses;
- Catch errors now vs. cost to repair later via court action. *Donors would rather funds be spent on charitable activities than legal costs;*
- With revocable gifts - you can still change your mind.

# 4 Ways to Give Real Estate to Charities

- Current Gift
- Bequest After Lifetime(s)
- Charitable Remainder Unitrust
- Life Estate Reserved



# What Can Be Given?

- Surface estate including minerals
- Mineral estate only
- Royalty interest
- Overriding royalty



- **Most charities would not accept a gift of a working interest because of liability and UBTI concerns**

# Conclusion

With any planned gift, be sure to encourage donor to consult first with legal and financial advisors.



**Planned giving is an act of faith.** Lots of seeds strewn around and every so often there are enormous returns. The Parable of the Sower from the 13th chapter of the Gospel of Matthew, verses one to eight. *That same day Jesus went out of the house and sat by the lake. Such large crowds gathered around him that he got into a boat and sat in it, while all the people stood on the shore. Then he told them many things in parables, saying: "A farmer went out to sow his seed. As he was scattering the seed, some fell along the path, and the birds came and ate it up. Some fell on rocky places, where it did not have much soil. It sprang up quickly, because the soil was shallow. But when the sun came up, the plants were scorched, and they withered because they had no root. Other seed fell among thorns, which grew up and choked the plants. Still other seed fell on good soil, where it produced a crop—a hundred, sixty or thirty times what was sown.*

*Direct us O Lord, in all our doings  
with thy most gracious favor, and  
further us with thy continual help;  
that in all our works begun,  
continued and ended in thee we  
may glorify thy holy Name  
through Jesus Christ our Lord.  
Amen*

# Questions and Discussion

*“Ladies and gentlemen, what those of us in planned giving want to do is help you make a gift so that you don’t have to give up your fork until you are finished eating”. Preston Utterback*





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and financial advisors*