

Giving Is An Act Of Your 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.

One option to act on that faith is to include The Permanent Endowment Fund of Prescott United Methodist Church in our financial planning. Those plans might include a gift now or a gift in the future. To make a faith gift in the future, we need to prepare a Will or other estate-planning document.

As United Methodists we believe that tithing is the standard of Christian 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 tithing in your Will or other estate-planning document.

Consider this material carefully and prayerfully. Hopefully it will answer some of your questions and stimulate you to seek additional legal and/or income tax planning guidance.

Charitable Gifts: You Have Many Options

There are many ways to make charitable gifts, both during life and after death. As our tax laws change, new ideas continue to be developed. However, the most important alternatives today include the following:

Appreciated Assets Are A Common Gift Choice

Outright gifts of cash are easy. However, a better and more popular method of making a charitable gift is transferring ownership of an asset that has appreciated in value. Any property, such as stocks, bonds, or real estate may be given, to The Permanent Endowment Fund.

Real Estate: A Valuable, Often Overlooked, Opportunity For Giving

Any type of real estate may be given to The Permanent Endowment Fund. A gift of a personal residence or farm may be made to The Permanent Endowment Fund now, while you

continue to live there during your lifetime. A current income tax deduction may be available. Gifts of other real estate also qualify for a charitable income tax deduction.

Life Insurance: An Opportunity To Give Beyond Your Means

Many individuals name The Permanent Endowment Fund as owner or beneficiary of a life insurance policy. This gift after death may be a larger than any gift a person might otherwise be able to make.

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

Bargain Sales: An Asset Sale At Less Than Fair Market Value

Bargain sales involve a sale of securities, real estate, or other property to the church at less than the fair market value. The transaction is part gift and part sale. The seller qualifies for a 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 The Permanent Endowment Fund of Prescott United 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 value.

Bank Accounts: An Inexpensive, Flexible Gift Opportunity

A popular way to make a charitable gift is to open a bank account in trust for The Permanent Endowment Fund. The person opening the account has the right to make deposits,

withdrawals, or to close the account at any time. The balance in the account at death becomes the property of the church. This is without probate or other delay.

Deferred Gifts: Set Up To Provide Income or Life Use To Your Beneficiaries Or The Church

There are five primary types of deferred life income gifts

1. The **Charitable Remainder Unitrust** is an irrevocable transfer of property to a trustee, who pays your beneficiaries an income for life. The income is a fixed percentage of the annual market value of the trust. Thereafter, the assets become the property of The Permanent Endowment Fund.

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

3. A **Pooled Income Fund** provides annual income for the life of your beneficiaries in the amount The Permanent Endowment Fund 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 beneficiaries life.

5. A **Charitable Lead Trust** provides income to The Permanent Endowment Fund for a period of years, with the remainder going to your beneficiaries.

In each of the above cases, income tax deductions result. Responsibility for investing your gift may also be shifted to The Permanent Endowment Fund.

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 The Permanent Endowment Fund. This may be a fixed dollar amount, a percentage of the estate, a distribution as a successor to a deceased beneficiary, or as the final recipient if all named beneficiaries are deceased.

What Should You Do Next?

When you have your estate planning documents prepared, consider asking your lawyer to

insert a provision leaving a bequest to The Permanent Endowment Fund of Prescott United Methodist Church. You may want the gift to be an endowment, where the church will spend only the income, reinvesting the principal forever—the customary way funds are held by the Endowment Fund.

Because laws vary from state to state, you will want to talk with your attorney and income tax advisors in updating your estate planning.

Contact one of the following Permanent Endowment Committee members for additional information about planning your estate including any gifts you may wish to make:

- Arch Wood - chair
- Jean Canoose
- Ron Hitzel
- Richard Murphy
- Roger Stewart

Or contact our Pastoral Staff

- Carol Mumford 778-1950
- Sara Olson Dean 778-1950

This publication does not attempt to give any legal or tax advice. For specific advice, consult competent legal, income tax, or financial planning professionals.