

Shepherding the planned giving process

By Alan Gotthardt

The simplest ways are not always best. As your members consider lifetime giving to the church, the simplest way is to give cash as the resources are available.

But what if you would like to make a commitment to give and save some taxes, but also need to live on the income from your assets for the next 20 years? What if your only significant asset is a block of appreciated stock? What if you are redoing your will and have not considered making a charitable bequest to the church in the past?

Even if you aren't a millionaire, there are giving strategies that can be employed at giving levels of just a few thousand dollars. Many Christians are unaware of the options that exist and, thus, do not make significant gifts to their church, either during life or at their death.

As you shepherd the giving process at your church, it is helpful to have an understanding of the basic tools and techniques that are commonly used in the world of charitable "planned giving." These can be broken down into three broad categories: outright gifts, partial gifts, and family foundations. Note that there are dozens of very sophisticated techniques that can be creatively employed to achieve the best results, so consider this a primer, not an exhaustive list.

Outright gifts

As the name implies, these giving investments are made with no strings attached and nothing held back. Examples include giving cash, stocks or real estate. The majority of all gifts made to charities are outright gifts of property either during one's lifetime or at death through a will or trust.

Partial gifts

Let's say a member has an asset they would like to donate to the church at their death. However, they want the income from the asset for living expenses but could also use a current income tax deduction. A partial gift is one where the ministry receives some benefit either now or in the future, and the donor retains a part of the asset

for personal or family use. An example is a Charitable Remainder Trust (CRT), which allows the donor to make a contribution of some amount in the future while receiving a current income tax deduction and keeping the income from the asset. A simplified version of the CRT is what is called a Charitable Gift Annuity, where the donor gives an amount to the charity in exchange for an annuity contract.

A Charitable Lead Trust (CLT) is the opposite of the remainder trust in that the charity receives an annual payment for a period of time and the balance in the trust is eventually paid to the donor's heirs. Partial gifts must be structured according to IRS guidelines to create a tax deduction for the donor. Normally, charitable trusts such as CRTs and CLTs are administered by financial institutions and community foundations. A great resource for partial gifts and other complicated planned gifts is The National Christian Foundation (www.nationalchristian.com).

Family foundations

In the case of family foundations the assets are transferred to an intermediate vehicle and then given to the end charities at some later point in time. For the donor, this can be a very convenient tool for managing giving objectives in light of their income tax situation since the deduction is enjoyed at the time of contribution to the foundation.

Also, family foundations can be great teaching tools to allow family members to be involved at a higher level in the giving process. You need to be aware that your member may have established a separate legal entity for giving, such as a private foundation or supporting organization. Typically these types of family foundations require significant startup assets of \$500,000 or more. Alternatively, givers can set up what is called a "donor-advised fund" at a financial institution for as little as \$10,000. Donor-advised funds have been a hugely successful planned giving technique because of its convenience and accessibility. The specific details vary, but individuals who have established a family foundation are demonstrating a major commitment to their giving plan. >>

From a dollar perspective, most major charitable giving occurs at death. Therefore, when members are creating wills and trusts it is important for them to consider the church as a key charitable giving opportunity. I have found Christians to be very receptive to the idea of making bequests to their church, but this happens most often in churches that are proactive in the process. This can range from simple reminders to basic estate planning seminars to referrals to qualified estate planning attorneys.

Planning an estate

Challenge your people to take advantage of their last will and testament to truly be a written and financial testimony of their faith. In your brochures and estate planning seminars, use probing questions to challenge the status quo of leaving everything to the children. Questions such as “What are we trying to accomplish by leaving this money to our children?” “Will the amount we plan to give be a hindrance to our children’s proper character and spiritual development?” “Is it likely that this inheritance will create a dysfunctional work ethic or family dynamic?” “Will the kingdom of God be advanced by virtue of this inheritance?” There are no easy or one-size-fits-all answers to these questions, but they can create a framework.

When shepherding the giving process at your church, much of the responsibility is to create awareness of the giving opportunities and help members make biblical decisions about their money. Don’t try to become an expert on the tax and legal technicalities of planned giving. Consider building a referral team of trusted professionals within your community who do charitable planning as a major focus of their work. Together, you can educate and empower your members to make the significant gifts that will be a source of tremendous joy and satisfaction for the donor as well as a valuable resource for the ministry.

Alan Gotthardt is president of Polstra & Dardaman, LLC, a fee-only private wealth counsel firm in Atlanta. He also serves on the stewardship strategy team at First Baptist Church of Woodstock in Woodstock, GA. He is the author of *The Eternity Portfolio* and *The Eternity Portfolio Small Group Study*. Visit www.eternityportfolio.com for more information.



60 years
of writing the book on safety

The Corbeil Guarantee

Corbeil has a tradition of over 60 years of making quality buses which are **safe, reliable, affordable, and feature upgradable seating.** Each of our buses meet MFSAB government standards and offer the best protection for your passengers.

Call today!
1 (877) 267-2345

Available at your local
GMC, Chevrolet, &
Ford Dealers.

Seating By:
SafeGuard

eXpress Request No. 48