

What if I'm not wealthy?



A common misconception is that one needs to be “rich” in order to consider a planned gift.

This simply is not true. For instance, **bequests** (gifts made through a will or living trust) can be made in any amount. Similarly, **charitable gift annuities** can be created for as little as \$5,000.

Your church will be grateful for any gift you leave, regardless of the amount.

Having said that, many people are surprised at the value of their estates when they include their home, retirement accounts, life insurance, mutual funds, etc.

Whatever the size of your estate, consider a planned gift to your church. It will be a blessing to you and to your church!

Remember . . .



- 1. Your planned gift will provide an excellent model to your family of generosity and faithfulness.**
- 2. You do not have to be wealthy to make a planned gift.**
- 3. Your gift will leave a legacy that will live on “in perpetuity.”**
- 4. Your generous gift will give you JOY and be a blessing!**



Ideas from your
United Methodist Foundation
to help you with taxes,
estate planning
and charitable gifts.



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FUNDAMENTALS OF GIVING

Planned Giving Strategies

for
*United Methodist
Christians*

This pamphlet summarizes many planned giving strategies available to those wishing to extend their generosity into their later years and beyond their earthly lives.



**United Methodist Foundation
of Northern Illinois Conference, Inc.**

Why should I make a planned gift?



Making a planned gift offers many benefits to those making the gift.

- 1.** Your gift demonstrates to your family the importance of your faith to you.
- 2.** Your gift can be given as an endowment so that it will live on in perpetuity — benefiting generations yet to come.
- 3.** While you can make your gift completely unrestricted to be used for priority needs of your church, you can designate your gift to a particular area of the church's work: scholarships, missions, music ministry, capital needs, etc.
- 4.** Making your gift will create a positive legacy in your church and be an example to others.
- 5. Such a gift will give you JOY!**
This may be the largest gift you ever give. Imagine the joy in knowing that you have done something very positive for the church or agency that you love.

Those considering a gift are urged to consult a financial planner or attorney prior to finalizing a planned gift.

Planned Giving Strategies



What is it?

Outright Gift	Bequest through Living Trust	Bequest through Will	Life Insurance Gift	Retirement Plan Gift	Life Estate Gift	Life Income Gifts			Charitable Lead Trust	Gift through Bargain Sale
						Charitable Remainder Unitrust	Charitable Remainder Annuity Trust	Charitable Gift Annuity		
A donation of cash, securities, real estate or personal property.	A gift you make by naming your church or charity to receive a gift through your living trust.	A gift you make by naming your church or charity to receive a gift through a will.	The donation of the policy itself or naming the charity as the death beneficiary.	All or a portion of a tax-deferred retirement plan such as a 401-k or an IRA can be designated to your church.	A gift, usually of real estate, in which the donor retains the use of the property for life or for a period of time.	Beneficiaries receive fixed % or net income amount based on the value of trust assets as revalued every year. Additional contributions to the trust are possible.	Donor funds a trust to provide a fixed income for one or more persons for life or a term of years. When trust ends, principal passes to charity.	Donor transfers cash or securities in exchange for a fixed income for the life of one or two persons. Residual will be paid to charity at death.	Lead trust pays charity for a term of years and then pays remainder to donor or other named person.	Property sold to charity at much less than appraised market value. Most often used for real or personal property.



What are the tax benefits?

Charitable deduction for value of the gift, plus no capital gains tax due on appreciated property.	No charitable deduction but may be used to reduce liability for estate taxes.	No charitable deduction but may be used to reduce liability for estate taxes.	Fair market value of policy or donor's cost basis, whichever is less, when donor transfers the policy to the charity. No deduction when the charity is named as beneficiary.	Since these assets have not been taxed, leaving them to your family can be costly to them. Careful planning of the distribution of these assets can avoid adverse tax results.	Income tax deduction for the charitable portion of the gift.	An immediate deduction for the present value of the remainder interest which is based on the ages of the beneficiaries.	An immediate deduction for the present value of the remainder interest which is based on the ages of the beneficiaries.	A generous, immediate tax deduction based on the present value of the remainder interest. In addition, much of the annual income is tax free.	Present value of the income interest is deductible. Deduction is based on the trust term.	Can receive charitable deduction for difference between the appraised value and the selling price.
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What are some other benefits?

Gift can be tailored to immediate or future needs of your church or other charity.	Can be kept confidential. Terms of Living Trust can be changed at any time. Gift is made at time when you will no longer need it.	Can be changed at any time. Gift transfers to charity at time when you will no longer need it.	May enable a significant gift with little expenditure to the donor. May provide a meaningful use for policy which is no longer needed.	Can leave more of your estate to your heirs and to charity. This is an area where rules are being made now. Research will be required to keep up to date.	Allows donor the ability to retain use of the property for life or for a period of time.	Income can be used for variety of purposes: retirement, college expense for grandchildren. Can benefit up to eight people.	Most appealing for donors who are in 70s and older and who prefer the security of a fixed income.	The older the donor the higher is the life income amount. Most often payments are higher than can be obtained from CDs. A generous gift can be provided with modest investment.	Sometimes used to pass property to heirs at reduced cost. Very rare.	An effective gift strategy for donor who wishes to make gift but needs some income from the property, to complete payment of a mortgage, for instance.
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