

# LEGACY

## PLANNING GUIDE

*for individuals*



# An Invitation to Legacy Planning

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Thank you for considering your church and the Church universal in your estate plans. The information in this guide will help you with important decisions about estate planning and legacy giving. I believe that God intended giving to be a worshipful process – a way for us to find the greatest joy in the gifts that God has given you.

We have structured this guide with today’s “Do It Yourself/DIY” mentality in mind. In the front section, you will find information about estate planning steps you can take on your own — creating a simple, basic will, by doing things like designating your church as a beneficiary of your life insurance or, naming your church to receive a portion of your retirement plan. There are also estate planning decisions that require professional assistance; the second section addresses those issues.

It is also important that Presbyterians at every stage of their faith lives recognize that they can make financial decisions that will benefit their churches. We have created a **Planning Through the Decades** guide, which you will find throughout the pages of this book, to suggest actions for people in their 20s, 30s, 40s, 50s and beyond.

**Think of these as acts of faith. Approach them with prayer:**

*Gracious and loving God, giver of life and of all good gifts, I thank you for all that you have given to me. Jesus’ parable of the servants who were entrusted with their master’s talents until he returned teaches us that stewardship needs to be an act of bold faith, not feeble fear. Give me wisdom and a generous heart as I make decisions about the worldly possessions you have provided to me and my loved ones, decisions that perpetuate your will, rather than mine, on Earth as it is in heaven. Amen.*

A handwritten signature in black ink that reads "Tom Taylor".

Rev. Dr. Thomas F. Taylor  
President and CEO, Presbyterian Foundation



# INTRODUCTION

*“The Earth is the Lord’s and all that is in it,  
the world and those who live in it.” – Psalm 24*

**This is a fundamental truth of our lives – we are children of God and all that we have comes from our God.** As servants of God, we do kingdom work as stewards of all that God has provided to us.

You are reading this guide because you are a member of a PCUSA Congregation, and you are considering how to include a faith gift in your estate plans. One of our Ministry Relations Officers may have spoken at your church, or your Session requested these materials for distribution. Perhaps you have been ordained as an elder, led a Sunday School class, sang in the choir, cooked dinner for the youth group, or served as a worship leader. You are living a life informed by the tenets of the Reformed tradition; you are Presbyterian in every sense of the word. You believe that material possessions are gifts from God to be used for advancing the work of the church and perfecting the kingdom of God on Earth.

Estate planning is an act of both finance and faith, a joyful act of worshiping God and one of creating a legacy through the final disposition of our earthly possessions. This guide seeks to assist and support you in this important spiritual process.

## Testimonials

**CAROLINE DAVIS  
ROURKE**

*appreciates the open  
and welcoming  
character of her church.*

“It’s what Jesus teaches – you love your neighbor; you don’t shut them out. You include people and our church is very inclusive.” She has included the church in her estate plan in part to ensure that this quality continues well into the future. “Estate planning and making a will are clearly not at the top of anybody’s to-do list, but it is critical that these decisions are made and recorded so that your intentions are clear. I trust God and I trust the church to do the right thing with the resources I leave them.”

# OVERVIEW

**Stewardship is a fundamental act of worship for Christians.** We know that all that we have comes from God; we know that God entrusts us with resources to advance the kingdom on earth through our lives, our families, our work, and our faith. This Christian approach to estate planning — the process of making faith-based decisions about your final act of stewardship — can be fraught with emotion, fear, and anxiety. But it can — and should — also be a time of reflection, joy, and purpose.

## **This guide can help.**

In these pages, you will find the information and resources you need to begin making those important decisions.

## **A Christian Approach to Charitable Estate Planning**

Estate planning offers Presbyterians the opportunity to make an enduring statement of faith. This act of stewardship can leave an indelible mark on your Church or a mission program of your choice. You may be surprised that even a small asset can be turned into a gift which will support your choices in perpetuity through thoughtful planning and careful management. You may even identify assets previously not considered that could be used to make a generous gift.

This booklet will concentrate on some of the charitable giving opportunities available through estate planning. Equipped with this information, you can more fully evaluate and discuss estate planning options with your financial and legal advisors and your family.

## **What is Estate Planning?**

Estate planning is the process of making decisions about the future distribution of your material assets. It is a statement of both faith and finance, reflecting your desire to allocate a portion of your earthly assets to the church. An estate plan will also include important information about end-of-life decisions that will ease the burden on your loved ones.

A will is the cornerstone of a sound plan, but on its own does not make an estate plan. (There is more information about constructing a will in the following pages.) In addition to asset distribution, a good estate plan should include:

- decisions regarding guardianship for dependent children;
- power of attorney for your finances, should you become incapacitated;
- and a healthcare proxy with the responsibility of making medical decisions on your behalf, if necessary.

A living will directive stating your wishes for life support should also be considered to offer guidance to your loved ones during this difficult time.

Reducing estate and probate taxes may also be a consideration when planning your estate, allowing you to pass along more of your estate to your heirs and designees.

## Charitable Giving

There are many ways to give. Although the choices may seem overwhelming at first, they are simply different options designed to fit various circumstances and meet individual goals. Only you will be able to determine how a charitable gift fits into your estate plan. For the purpose of planning with faith and charitable intentions, giving can be divided into two broad categories: those that you can undertake on your own (the DIYs) and those that require professional assistance.

### KEY CONSIDERATIONS IN ESTATE PLANNING

- Will
- Durable power of attorney
- Healthcare proxy
- Tax reduction plans
- Guardianship for dependents
- Ownership of assets
- Living will directive
- Trusts

## GLOSSARY

- **Estate Planning** – the planning, administration, and distribution of your assets during incapacity or death
- **Will** – a legal document that specifies how a person's property or estate will be distributed after death
- **Bequest** – a term for something, usually personal property, that is given or left by a person's will to another person or organization
- **Trust** – a fiduciary agreement that is part of an estate plan. Traditionally, trusts are used to hold assets for one or more beneficiaries
- **Charitable Remainder Trust** – a "split-interest" giving vehicle that enables people to pursue philanthropic goals while still generating income
- **Charitable Lead Trust** – an irrevocable trust designed to provide financial support to one or more charities for a period of time, with remaining assets eventually going to family members or other beneficiaries
- **Restricted/Unrestricted** – Restricted gifts are defined by the donor for a specific purpose. Unrestricted gifts allow the recipient to determine how the gift will be used.
- **Endowment** – a donation of money or property to a nonprofit organization which uses the resulting income for a specific purpose; the principal is never touched, and only the income is used, making this a gift in perpetuity
- **Donor-Advised Funds** – DAFs are a fund or account maintained and operated by a public charity or a third-party entity. It receives contributions from individual, family, or organization donors who can advise on how to disburse the donations to IRS-qualified charities.
- **Appreciated Securities** – those securities that are worth more today than when they were acquired

*While writing a will can be largely done on your own, please consult with an attorney before finalizing this document to ensure your will and estate documents meet the requirements for your state and follow all other applicable laws.*

# DIY GIVING

**There are elements of an estate plan that you can do on your own.** These simple steps allow you to include your Church in your estate plan without requiring professional assistance.

## Wills & Bequests

A will is the foundational document of your estate plan, and the starting point for making these important family and faith decisions. While it is wise to use the services of an attorney to draft your will for probate purposes, you can make most of the decisions about allocating your assets with the resources in this booklet.

It is never too early to write a will, but it can be too late. Writing your will is the most important step you can take in planning your estate. A will gives you the power to make these important decisions about the distribution of your assets rather than leaving those decisions to a probate court. A will ensures that your wishes about your material assets will be carried out after your death.

Wills should be kept up to date and reviewed from time to time to mirror the changes that may have taken place in your life or financial position.

### CONSIDERATION FOR REVIEWING A WILL

- Birth or adoption of children
- Children have grown or married
- Loss of spouse or loved one
- Divorce or marriage
- Move to another state
- Change in financial situation or holdings



### Planning by the Decades

There are elements of an estate plan that you can do on your own. These simple steps allow you to include your Church in your estate plan without requiring professional assistance.

*A bequest can be written to give a stated amount to any charitable organization you specify, a percentage of your estate, or a residual amount (after expenses and other bequests have been deducted).*

## Getting Started

Before beginning this process, take time to pray. Just as God has provided these material blessings in your life, the Holy Spirit will guide you in making these decisions. You should also involve your family in this process.

Taking an inventory of all assets and liabilities is essential groundwork for a good estate plan. (An Estate Planning workbook is available from the Foundation to assist you in this process.) After you have compiled a comprehensive list, decide how you want your assets distributed. List your heirs and what you would like each to receive. Include your church or the charitable organizations you would like to support. A bequest can be made directly to the church; this is called an outright gift. Another option is to make a bequest to the Foundation to establish an endowment fund, which will be professionally managed to provide income in perpetuity to the church or charitable cause you designate.

Consider your personal goals for the management and protection of your resources. There are many options for achieving your goals; the Foundation, your financial advisor and attorney can assist you. As you familiarize yourself with the various estate planning concepts and charitable giving options, you will be able to make informed decisions regarding your plan.

## Testimonials

### PASTOR ALAN CUMMINGS

– Silver Springs Shores Presbyterian Church in Ocala, FL

"The living church is both what is inside the walls and outside its walls. Estate gifts from members of the congregation at Silver Springs Shores Presbyterian Church in Ocala, FL have supported a variety of community outreach programs to touch more lives, share the love of Jesus Christ, and serve the Lord in their city."





## Formalizing Your Will

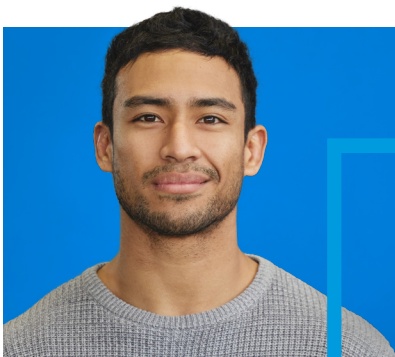
Once you have considered how you would like your assets distributed, you are ready to formalize your will. An attorney should do this, so that the correct legal language and terms are used. This prevents the possibility of misunderstandings and delays in probating your will, ensures your will complies with the specific requirements of your state, and meets your objectives.

## Executors

Once you have reviewed your assets and listed your beneficiaries, it is important to name the person(s) who will see that your wishes are carried out. The executor, subject to state law, may be a friend, relative or representative from a bank or trust company. An alternative to your first choice should always be named.

## BEQUEST IMPACTS

An estate gift has created an endowment for scholarships that will have an impact on both individual lives and society for decades to come. Jean I. Arthur, a Florida woman who was a lifelong Presbyterian, a savvy investor, and a pioneer for women in the Chicago banking industry, left a bequest of more than \$1 million to the Presbyterian Foundation. The money is being used to establish a fund for scholarships for students attending colleges and universities affiliated with the Presbyterian Church (U.S.A.).



## Planning in Your 20s

You may have graduated from college or are in your first professional job. You can designate your church as a partial beneficiary of your retirement account and begin a faith practice of regular giving to your church.

*It's easy to make a gift from your retirement assets. Obtain a change of beneficiary form and indicate the amount or percentage of your assets that you wish to give to a charitable beneficiary.*

## Gifts of Non-Traditional Assets

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### Life Insurance

One of the simplest ways to include your church in your estate plan is to make it one of the beneficiaries of your life insurance, or perhaps the sole beneficiary. With most life insurance companies, you can change beneficiaries online in a matter of a few minutes. If you prefer to work on paper, you can call the company and request a change of beneficiary form. This is a very simple way that you can leave a gift to your church without changing any estate documents.

Another method for gifting life insurance is to transfer the ownership of an existing policy to your church, or purchase a new policy naming the church the sole beneficiary. You may be able to transfer ownership of a policy to the Foundation for the benefit of the mission or cause you choose. Once the gift is made, it is owned by the charitable organization and cannot be revoked. A policy you have given to a charity that continues to require premium payments may allow you to declare premiums you continue to pay as tax deductible gifts. *(Applicable in most states. Check with your lawyer or financial advisor.)*

Giving life insurance may offer you benefits and a chance to make a gift where other options are not feasible. Policies may no longer be needed or have served the purpose for which they were originally intended, such as a business that no longer exists, or for children or loved ones who may not need the additional income. You may also be able to establish an endowment gift that may not have seemed possible under other circumstances.



### Planning in Your 30s

You have advanced in your career and may have reached a point in your personal and professional life where having a will and life insurance is wise. Selecting an executor is a crucial decision. You can designate your church as a beneficiary in your will and as a partial beneficiary of your life insurance.

## Testimonials

### REV. DR. ROB ERICKSON

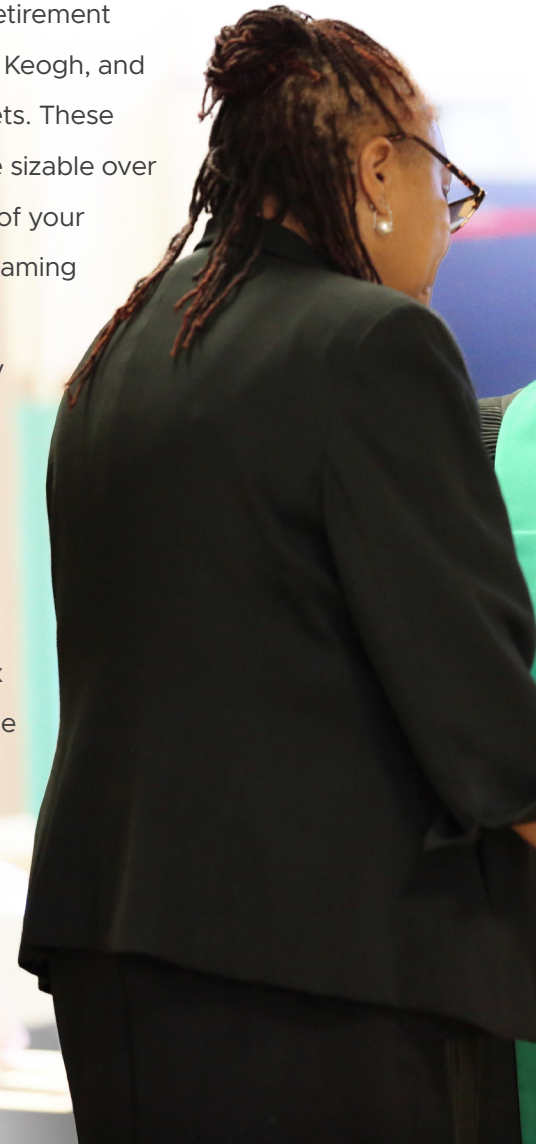
– Heritage Presbyterian Church, Alexandria, VA

Pastors learn from their congregations as much as congregants learn from their pastors. “The church I came from taught me about tithing, and so I became a tither there. Then when I came to this church, they taught me about planned giving,” with many members of the congregation including the church in their wills and estate plans. When the church’s carillon needed to be replaced, church members were given the opportunity to make a planned gift in support of that project.

## Gift of Retirement Assets

Another simple way to include your church, the Foundation, or a favorite charity in your estate plan is assigning them as a beneficiary of your retirement account.

When making your estate plans, retirement plans, such as IRAs, 401(k)/403(b), Keogh, and other accounts are significant assets. These accounts, which can become quite sizable over the years, will be included as part of your estate at the time of your death. Naming your Church or a meaningful non-profit organization as a beneficiary allows your stewardship to live on long past your time on earth. By designating a charitable beneficiary for your retirement account(s), you and your heirs may reduce income and estate tax liabilities. Another option is to name a charitable trust as beneficiary to provide lifetime income (or income for a specific number of years) to a person you select, such as your spouse. After the person’s lifetime, the balance of



## Planning in Your 40s

As you are balancing present needs and future plans, review your will, life insurance, and retirement accounts. Confirm that your executor is still available and willing to serve you in this way.

the trust will benefit the charity you select. Your estate may be entitled to a charitable contribution deduction. You can also establish a charitable trust during your lifetime using assets from your retirement account. Withdrawals from your retirement account will be subject to income tax, but you may create a charitable contribution deduction, further reducing the income tax due on the withdrawal.

**NOTE:** Please consult a tax advisor before making such a change if you intend to name a spouse as a beneficiary of the same account.



## Testimonials

### CHRIS BROWN

– Congregant and financial planner

He has named FPC Durham, NC, as a beneficiary of his life insurance policy, a simple online process. A life insurance policy, an IRA or a 401(k) – “all of those types of vehicles have a standard beneficiary designation form that you complete when you open it, and it’s easy to go in and update it.”



## Planning in Your 50s

This is a good time to review and update your will and confirm the executor. Consult with your financial advisor regarding trusts, donor-advised funds and other instruments as means to preserve your faith giving priorities.

## Testimonials

### REV. DR. ROB CARLSON

– Pastor, Presbyterian Church  
of Okemos, MI

In less than a decade, this church went from rarely talking about money to one where even young members understand the power of pledges, bequests and endowments to multiply mission and as a means to commit their life to being a part of a faith community. With help from the Presbyterian Foundation, the 500-member congregation established an endowment in 2010. Chris Doemel, who had joined the Okemos church 15 years earlier and served as an elder and eager participant in the music program, began talking with Pastor Carlson about making a significant gift to the church and remembering the church in his will. “Often we think of legacy giving as something we don’t push people to consider until they’re over 65,” Pastor Carlson says. “Chris was 43 years old and wanted to do something for the church that had meant so much to him.”

## Restricted Gifts

With a restricted bequest, you name the specific causes you wish to support.

This could be a special program of your local church, a particular program of the Presbyterian Church (U.S.A.) or other Presbyterian-related organization, or a charity that is meaningful to you. The form of the bequest should be made with the broadest possible terms consistent with your interests. Doing so guards against the conditions of your gift becoming obsolete.



## Unrestricted Gifts

An unrestricted bequest permits the church or institution to use your gift where the need is greatest. This allows the church or non-profit organization to respond to changing mission needs as they arise. Unrestricted gifts are preferred by recipient organizations, as they allow the leadership there to decide how best to use the gift.



## Direct Giving

Direct giving or outright gifts can be given at any time. As part of your estate planning, you should include any considerations you may want to make toward your church or other charity during your lifetime. This may help you realize stewardship goals and may also offer beneficial tax deductions as well.



## Planning in Your 60s

This is the time to consider end-of-life decisions – create a living will, write funeral plans, and share them with family. Doing so will ease the burden on them after your death. Review your will and other elements of your estate plan.

# SEEKING PROFESSIONAL ASSISTANCE

**Certain types of estate planning decisions require the assistance of attorneys or Certified Financial Planners.** The following is general information to help you consider these options.

## *Testimonials*

**REV. DR. MINDY  
DOUGLAS, FPC  
DURHAM, NC**

The Legacy Society at First Presbyterian Church invites people to consider the future of the congregation and the future of the people of God who come to the church to be formed as disciples of Christ. Its foundation is the knowledge that “all that we have comes from God and that we have the opportunity to give back” in ways that perpetuate the kingdom of God on Earth.

## Charitable Giving Plans

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### Real Estate

Real estate can provide unique gift opportunities regardless of its current value. There are complex tax implications involved in making a gift of real estate; your attorney should be involved in preparing such a gift as part of your estate plan.

### Endowment Funds

A memorial, or endowment fund, is an enduring tribute to a spouse, family member or loved one. You can make a gift to the Presbyterian Foundation which invests your gifts and pays the income in perpetuity to the charitable beneficiary you named in your gift agreement. The fund can be established during your lifetime or through a bequest. You, your heirs, or friends can also contribute additional gifts to the fund after it is established. Through an endowment fund, you can provide continuous financial support for a variety of mission activities. An endowment fund is a lasting legacy to your faith and love.

*Making a gift of appreciated securities may allow you to claim a charitable contribution, avoid capital gains, and reduce your estate.*

## Donor-Advised Funds

The Foundation's Donor-Advised Funds offer a unique giving opportunity. It is especially appealing to individuals who are interested in staying involved in the giving process. Through an irrevocable gift to the Foundation, your Donor-Advised Fund allows you to make periodic "advisory recommendations" for the charitable distributions from the fund. A fund is sometimes established with family members serving as advisors to make recommendations for the fund's grants. This family involvement can provide the opportunity for sharing personal values, evaluating charitable mission needs, and establishing priorities for your witness to others — in effect, it can shape a culture of giving for your family.

## Appreciated Securities

These are shares of common stock in companies, or units of mutual funds that are worth more today than when they were acquired. Gifts of appreciated securities may offer the benefits of reduced tax liability while furthering a charitable goal. To achieve the tax benefits, shares must be transferred to the charity, not sold, redeemed, or exchanged. If they are sold from your account, the gift becomes a cash gift rather than a gift of securities and you will realize the capital gains.

## Testimonials

**TOM HOLT**  
*made a gift in memory of his late wife and in honor of her musical talents.*

"This is an opportunity not only for a memorial to her but also for our family to dedicate something to her memory."



## Planning in Your 70s

Continue to talk with family about end-of-life decisions and funeral plans. If your financial portfolio has changed, make appropriate changes to your will and full estate plan.

## Testimonials

### JUDY WHITFORD

– First Presbyterian Church, Iowa City, IA

As an act of faith and in gratitude for her church's support when her husband died, Judy is leaving 10% of her estate to the church. Having served on session, she is aware of the impact estate gifts can have on the tenured ministries of the church. A lifelong tither, she lost her husband to cancer in 2010; her church supported her through that loss and beyond. Leaving this gift to the church in her will is a testament to God's presence shining through the love of her church family in that difficult time. "The decisions we make today we have very little idea who or how that will impact later, but it is out of trust that God makes good out of all things that I'm comfortable doing this presently."

## Charitable Trusts

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### Charitable Remainder Trusts

A charitable remainder trust is a way to make a future gift to the Church or its mission while receiving income during your lifetime. The trust may also offer certain tax advantages. A charitable remainder trust involves an irrevocable transfer of assets to a trustee and the creation of a trust agreement. The trustee manages assets and makes payments to the income recipient. Charitable trusts offer many benefits in addition to the financial security of your church or other charitable organization such as increased income, tax deductions and minimizing transfer taxes, capital gains realized over time, and diversification of investments.

You can designate yourself or someone else as the income recipient or one or more other recipients. At the termination of the trust (either at death or a set term of years) the remaining trust assets are used to support the work of the Church as you have designated. There are two types of charitable remainder trusts, annuity trust and unitrust. The primary difference is how trust payments to you are calculated.

### Charitable Lead Trusts

A charitable lead trust is appealing to individuals who may be subject to a large estate tax. The donor establishes and funds an irrevocable trust. The charitable beneficiary named by the donor receives payments from the trust, usually for a set term of years. At the end of the term, the trust assets are returned to the donor's estate or passed on to heirs.

*They came to Jesus and said, “Teacher, we know that you are a man of integrity. You aren’t swayed by others, because you pay no attention to who they are; but you teach the way of God in accordance with the truth. Is it right to pay the imperial tax to Caesar or not? Should we pay or shouldn’t we?”*

*But Jesus knew their hypocrisy. “Why are you trying to trap me?” he asked. “Bring me*

*a denarius and let me look at it.” They brought the coin, and he asked them, “Whose image is this? And whose inscription?”*

*“Caesar’s,” they replied.*

*Then Jesus said to them, “Give back to Caesar what is Caesar’s and to God what is God’s.”*

*And they were amazed at him.*

– Mark 12:14-17 (NIV)

## TAX IMPLICATIONS

The tax implications of your estate planning process are important and deserve careful consideration. The Foundation has resources available to you. Your financial advisor, accountant, attorney, or other knowledgeable people in your life can be helpful as you plan.

But that is not the focus of this booklet. The purpose of **Composing a Legacy** is to guide you in making faith-based decisions about the stewardship of your estate — decisions that serve to advance the kingdom of heaven on

Earth. There are important questions to answer:

***How might you wish your voice to speak in the future? How is your voice reflecting your faith in God?***

God’s abundant grace has provided you with the resources that constitute your estate; as a steward of these gifts, like the servants in the parable of the talents, you have been given the opportunity to invest these gifts. The Foundation has resources available to assist you in this important process.



## Planning into Your 80s & Beyond

Live your life and love your family. Your estate plan has been prayerfully considered and defines the faith legacy you will leave. Well done, good and faithful servant!

## Testimonials

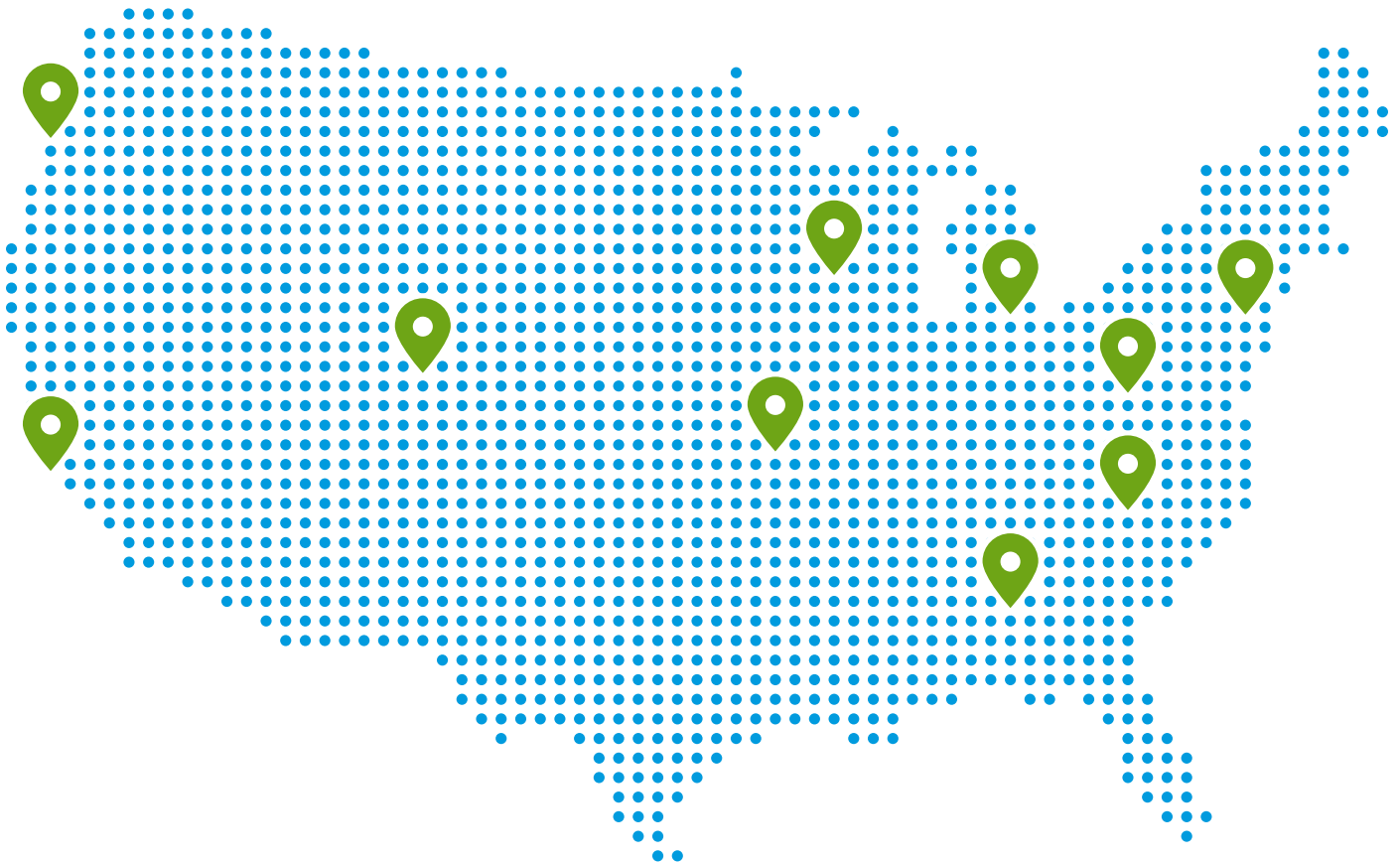
### CRIS RIVERA

– Congregant

They have contemplated the fact that while regular, scheduled giving to the church is important to its financial health, that giving ceases at the death of the giver. “We don’t know when that stop date is. It would be nice to know that my giving wouldn’t stop for something I cared deeply about.”

# YOUR ESTATE AND GIFT PLANNING TEAM

**The Presbyterian Foundation has been serving the Church and individual Presbyterians in their desire to bring mission and people together for over two centuries.** Our mission is to support charitable goals through the cultivation and management of gifts given by individuals, churches, governing bodies and church-related institutions.



With a skilled network of Ministry Relations Officers and support staff, as well as highly trained specialists in gift compliance, accounting, investment management and gift administration, we offer many valuable resources. Our services are aimed at assisting you in giving and making the most of the resources you share and invest.

Your Foundation Ministry Relations Officer has expertise in charitable giving and is always available for consultation. As with any decision regarding legal and financial matters, we recommend you consult with your own independent legal and financial professionals.

To learn more about reaching your charitable and estate planning goals, contact us at **800-858-6127** or visit **presbyterianfoundation.org**. To reach your local Ministry Relations Officer, simply use the search feature located on the website for contact information.

*The materials provided in this guide are examples of a general and informative nature, and do not constitute advice, legal or otherwise. Through careful estate planning, you can attain your objective for providing for loved ones as well as for Presbyterian missions and ministry. Please consult with your attorney or advisor for financial and estate planning advice before you take any action.*

## Testimonials

### IRIS I. SUBER *endowment gift to her church*

– Trinity Presbyterian  
Church, Pensacola, FL

She was very much in touch with the fact that her wealth could make a difference in others' lives. She was a vibrant, active member of this church who bestowed upon us an unbelievable gift. An endowment is a wonderful example of a legacy gift. The interest from that endowment pays dividends for years and years and years. Churches and communities will forever benefit. *(Martha Lee Blodgett, Founding Chair of the Legacy Committee)*



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