



# PERSONAL PLANNING NEWSLETTER

SUMMER 2017

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Every day United Methodist churches throughout the Holston Conference touch the lives of many people. Vital ministries provide meals for the hungry, shelter for the homeless, hope for the hurting. Much of the work done by local churches and other institutions in the conference are funded by endowments

Endowments are enduring funds that, when managed by the Holston Conference Foundation, provide perpetual support to ministries and causes chosen by the Donor.

If you are looking for a way to leave a lasting legacy, it's easier than you might think to make a significant impact through the establishment of an endowment with the Holston Conference Foundation.

While gifts of cash and checks are always appreciated, gifts to your named endowment can be made in many other ways. And you can make a gift without affecting your current lifestyle by using your assets during your lifetime and leaving what remains to fund the endowment.

You could name the Foundation as a beneficiary of the following assets:

- Retirement accounts such as an IRA, 401(k) or 403(b)
- Life insurance policies
- Commercial annuities or investment accounts

For an even simpler way of giving, you could name the Foundation as a "payable on death" beneficiary of your savings or investment accounts.

When you name the Foundation as a beneficiary on any of your accounts or assets, you can potentially reduce taxes for your family and your estate. You can also reduce your estate administration costs. Best of all, when you create an endowment, your values, your ideals and your legacy last forever. Call or e-mail us for more ideas on ways to endow your legacy.

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# How endowments work

Endowments are perpetual funds created by individuals (or several individuals) to honor or memorialize a loved one, a friend or even their own legacy.

Endowments can be funded by outright, current gifts or a blend of current gifts and a planned gift.

Endowments reflect the values and priorities of donors or the person they are honoring. Criteria is determined by the donor and an agreement is entered into with the Foundation. When the endowment is completed funded the Foundation executes the endowment directives according to the donor's wishes.

## Why do donors create an endowment?

### 1. Durability

The idea of creating a perpetual stream of financial support makes sense to people who see a similarity between retirement funds and endowment provisions. They like the concept of a fund that is guarded and invested separately from other assets so the principal of the fund will stay intact. Only the income or a percentage of the value will be used to support their chosen ministry.

### 2. A Positive Legacy

When donors attach their names to an endowment fund or add funds to a church established endowment fund, they create an enduring legacy that will outlive them and influence succeeding generations. Other family members and friends will be reminded of the person's values and commitments. Endowment funds can also be used to honor the lives of others who have made a significant impact on the donor and/or the church.

### 3. Perpetuate Gifts

Many donors see an endowment fund as a means to underwrite their own regular giving. For example, an endowment fund of \$20,000 could create an annual "gift" of \$800 - \$1,000 forever. It's a great way to "leave your mark" and strengthen the church or a specific area of ministry.

### 4. A Firm Foundation

Endowments are invested in a diversified long-term mix of socially responsible assets to provide maximum return and minimal risk. Written guidelines should be in place to provide appropriate stewardship. Annual payouts from endowment funds permit a church or ministry to plan more confidently for

the future. A church or ministry with a strong endowment is simply more stable financially.

### 5. Personal Satisfaction

There is something wonderfully fulfilling about doing something good that lasts, something that really makes a difference. Other kinds of giving are important, but creating or adding to a fund that will benefit others for centuries is truly satisfying.

## Suggested endowment ideas:

- Scholarship support for Seminary students who will return to serve the Holston Conference.
- Annually provide Bibles to new members joining the church or a Confirmation class.
- Support a food pantry for those in need.
- Fund recover ministries in the conference
- Sponsor children to attend Conference Camps or upgrade camp facilities.
- Sponsor a special lectureship/education program for pastors/lay leaders.
- Support an annual program on family issues, health issues, senior citizen issues, women's issues, parenting issues, or men's issues, stewardship, etc
- Support your local church outreach ministries.



# A way to give and receive

When you make a gift to fund a life income arrangement, such as a charitable gift annuity or charitable remainder unitrust, the benefits include lifetime payments and tax savings.

## What is a charitable gift annuity?

A charitable gift annuity is a contract between you and us.

- 1 You transfer cash or property to us.
- 2 In exchange, we sign an annuity contract and promise to pay fixed payments to you for life. The payment can be quite high depending on your age, and a portion of each payment may even be tax free.
- 3 You will receive a charitable income tax deduction for the gift portion of the annuity.
- 4 You also receive satisfaction knowing you will be helping your local church or favorite ministry as the remainder will go to the entity of your choice.

## What is a charitable remainder unitrust?

- 1 You transfer cash or assets to fund a charitable remainder unitrust.
- 2 In the case of a trust funded with appreciated assets, the trust will then sell the assets tax free.
- 3 The trust is invested to pay income to you or any other trust beneficiaries you select based on a life, lives, a term of up to 20 years or a life plus a term of up to 20 years.
- 4 You receive an income tax deduction in the year you transfer assets to the trust.
- 5 Your local church or other designated organization benefits from what remains in the trust after all the trust payments have been made.

Both options provide payments to you (and a spouse), while a unitrust may make payments to additional beneficiaries including children.

Additional benefits include:

- Lifetime payments to you
- An income tax deduction this year
- Capital gains tax savings when funded with appreciated assets
- A way to create a legacy and help further our mission

You can also designate your gift to fund an endowment. Contact us to see how you could benefit and create a lasting legacy to sustain the ministries you care about.



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# FOUNDATION UPDATE

There are four or five essential legal documents that every adult should have prepared that will protect them and their family. These documents direct your family and health care providers regarding your end of life plans and your estate. Your end of life plans should be clearly stated and legally enforceable in order to minimize conflicts and confusion among family members and health care providers if you become incapacitated or pass away. These essential documents include a will, revocable trust, a durable power of attorney and an advance health care directive.

**A Will:** A will allows you to direct the disposition of your assets after you pass away. For example, you can direct property to family, friends or charity. As part of the will you will designate an executor to carry out your wishes and name a guardian if you have minor or dependent children.

**Revocable Living Trust:** If you own real estate or have considerable assets, another option you may want to consider is a revocable living trust. This functions like a will but allows your estate to avoid the time and expense of probate (the public legal process of administering an estate under a will) and helps ensure your estate's privacy.

## **Durable Power of Attorney**

A durable power of attorney allows you to designate someone you trust to make financial, tax and legal decisions on your behalf if you lose your decision-making capacity.

### **Advance Health Care Directive**

This directive includes two documents that spell out your wishes regarding your end-of-life medical treatment. A "living will" tells your doctor what kind of care you want to receive if you become incapacitated. In a "health care power of attorney" you authorize a person to make medical decisions on your behalf if you become incapacitated.

### **Learn About Your Advance Directive**

If you need to create an advance directive you can do that for free at [caringinfo.org](http://caringinfo.org) (or call 800-658-8898), where you can get state-specific forms with instructions. Alternatively, for only \$5 the Five Wishes document ([agingwithdignity.org](http://agingwithdignity.org), 888-594-7437) will help you create a customized advance directive that is valid in 42 states.

### **How to Get Help from an Attorney**

You should hire an attorney if you have a complicated financial situation, blended family or have considerable assets. Additionally, you may hire an

attorney if you simply want assistance. An experienced lawyer can make sure you cover all your bases – especially when writing a will or living trust – which can help avoid family confusion after you're gone.

Costs will vary, but you can expect to pay somewhere between \$200 and \$1,000 for a will or \$1,200 to \$5,000 for a living trust.

The American College of Trust and Estate Counsel ([actec.org](http://actec.org)) and the National Academy of Elder Law Attorneys ([naela.org](http://naela.org)) websites are good resources that have directories to help you find someone in your area.

To find low-cost legal help in your area or call the Eldercare Locator at 800-677-1116 for a referral.