

# DOLLAR SENSE

**BUILDING YOUR CHURCH'S FUTURE ONE BRICK AT A TIME!**

Vol. II: Issue 4

A Service of the Desert Southwest United Methodist Foundation (DSUMF)

4/1/2004

**THANK  
YOU!**

This Newsletter's purpose is to provide clergy and lay leaders of the Desert Southwest Annual Conference with reliable and consistent financial information that we believe you need to help secure your church's financial future.

In every issue of **DOLLAR SENSE**, information under the following headings is provided:

**INVESTING**

**ESTATE  
PLANNING**

**CHARITABLE  
GIVING**

**ENDOWMENT  
FUNDING**



**Desert Southwest  
United Methodist  
FOUNDATION  
DSUMF  
602-266-6956**

Thank you for your continued support! If you wish to add some names to our DOLLAR SENSE e-mail list or if you have questions, comments or concerns, please e-mail them to [dsumf@earthlink.net](mailto:dsumf@earthlink.net). For more information about the Foundation and our services, please go to our web site at [www.desertsw.org/foundation.html](http://www.desertsw.org/foundation.html).

## **ENDOWMENT FUNDING**

In the last issue of DOLLAR SENSE, we discussed the creation of a **Charter** for the local church Endowment Program. The Endowment Program Charter is critical to the effective organization and implementation of your church's Endowment Program.

The Charter addresses: purpose, administration, investment, limitation on use of principal, distributions, gifts, trustee liability, merger, consolidation, or dissolution of the church, amendments, as well as severability.

Once all the "paper work" of creating the Permanent Endowment Fund is done, the Committee's next job is to spread the word about its existence and its function. One effective way of getting word out to the church membership is via a brochure. The brochure should be attractive, and readily identifiable as something related to your church for your church's benefit.

The brochure should include the Committee's Mission Statement, charitable giving suggestions and a response mechanism that will enable the member to request additional information or put a member in contact with a member of your Committee. The DSUMF can assist you with the creation of these brochures. (To see some of the brochures we've produced, go to our web site, click on consulting, then click on brochures.)

Once the Endowment Program is in place and your brochure has been widely distributed, the Committee is ready to chart a course of action

for faithful stewardship of both accumulating and accumulated assets. One of the ways the Committee can encourage members to give to the Endowment Program is to teach members about estate planning and charitable giving.

Planned giving industry studies prove over and over again that 84% of all deferred gifts to non-profit organizations, like your church, are made via bequests from last Wills or Revocable Living Trusts. More studies prove that if a person learns about estate planning from a non-profit organization and is charitably inclined, then the teaching organization will usually receive a bequest from that person.

Put both statements together and it should not be too hard to understand why the DSUMF concentrates its educational services for churches in the estate planning and charitable giving areas.



## ENDOWMENT FUNDING

Continued

In the next issue of DOLLAR SENSE, we'll write about putting together an educational plan for members of your church.

## CHARITABLE GIVING

After a recent Charitable Giving Seminar hosted by the First UMC of Tempe Foundation, Dr. Mahlon Miller, a member of First UMC of Tempe decided to support his church's foundation with another Immediate Charitable Gift Annuity (IGA). The Immediate Charitable Gift Annuity (IGA) involves an irrevocable gift to the DSUMF. In return for this gift and via contract, the DSUMF promises to make guaranteed lifetime income payments to the donor's choice of annuitant(s). The payments to the annuitant for IGA begin within one year of the date of the gift.

The donor chooses monthly, quarterly, semi-annual or annual distributions at the time the contract is written. The donor also chooses how the gift portion of the annuity shall be used by the church. The donor may choose to designate the gift for a specific purpose or not.

But wait, it gets better! When Dr. Miller made his gift, he qualified for an income tax deduction, which was 49.6% of the amount of the gift. In addition, 73.4% of the income stream Dr. Miller will receive during the rest of his lifetime will be tax-free! Because of his age on the date of his gift, Dr. Miller's payout stream is 8.8% of the original gift. When the deduction and tax-free portion of the income stream are factored in, the effective rate of return on the gift he made is 14.2%!

**EXAMPLE:** The average gift annuitant is 77 years old and makes a gift of cash or stocks valued at \$20,000. In return, this donor would qualify for an income tax deduction of \$8,770.40 (43.85% of the gift) and receive an annuity of \$1,480.00 per year (7.4% payout). Of the \$1,480 annuity payment per year, \$1,012.32 is tax-free income (68.4%). When the income tax deduction and the tax-free portion of the annuity are combined, the effective payout rate on this gift is 11.6%!

Can you think of a better way to leverage your money while making gifts to your church?

Does this make DOLLAR SENSE or what? If you would like information on this or any other type of charitable giving vehicle, then contact us at your convenience.

## ESTATE PLANNING

In the last issue of DOLLAR SENSE, we told you that 84% of all deferred gifts to all non-profit organizations nationwide are in the form of bequests from Last Wills or Revocable Living Trusts. What we want to be clear on is another industry fact. Donors who make bequests via Last Wills or Revocable Living Trusts to non-profit organizations do so because they learned about estate planning from their favorite non-profit organization.

**84% OF ALL DEFERRED GIVING IS IN THE FORM OF A BEQUEST!**

Have you ever wondered why a member of your church who passed away didn't make a bequest to your church in their estate plan? The answer is because they did not learn about estate planning from your church; they learned about estate planning from some other non-profit organization. If your church isn't receiving its "fair share" of bequests from members who have

passed away, it is because your church isn't doing what it takes to deserve such gifts!

To encourage members to make bequests, your church must provide members with an ongoing consistent educational program that centers on bequests and all five of their various forms.

1. **Fixed Amount:** A Last Will can state a specific amount of money that is to be distributed to the church after death. The funds can be designated for a specific purpose or be distributed as an undesignated gift.

2. **Specific Property:** A donor may identify a specific piece of real or personal property that is to be distributed to your church after death.

3. **Percentage:** A common type of bequest is one that specifies a specific percentage of the entire estate that is to be distributed to the church after death. Aren't we taught to tithe? Shouldn't we tithe our estates to our church?

4. **Residual:** After all other bequests are made from an estate, the residual (what remains) can be distributed to the church.

**5. Contingent:** A contingent bequest identifies a priority list of recipients for distribution from an estate. If any of those people or entities is not in existence at the time of distribution, then distributions are made to the next entity on the priority list.

reservations for October and November of 2004 and March of 2005! Don't delay. Schedule your seminar today!



In a "special event" presentation on April 1, 2004, the DSUMF presented its investment strategy, guidelines and process to existing depositors and potential new church depositors from the Central West District. The event was held at Carvers Steak House and 21 people representing 7 churches attended.. Each attendee received an Investment Service Handbook that provided written detail about our investment activities.

Door prizes provided by the United Methodist Federal Credit Union and

Coulter Cadillac were awarded. Food and beverages were provided by Lord Abbett Investment Management, one of the nine Asset Management firms used by the Foundation in its Investment Service.

Our next event for East District Churches will be on Tuesday, April 6, 2004 from 3:30 to 4:30 PM at the Starlight Room in the Sheraton Convention Center in Mesa, AZ. Again, food and beverages will be served.

Mr. Kurt Reighard from Wachovia Securities and Mr. Tom Pfeiffer, V.P. of Lord Abbett will be our sponsors for this event. Both the United Methodist Federal Credit Union and Coulter Cadillac will provide door prizes. You will be able to ask all your investing questions!

**YOU SHOULD ATTEND THIS IMPORTANT EVENT!**

All Finance, Investment, Endowment Fund Committee and local church Foundation members are invited to attend, but we need to know how many are coming so we can prepare food, drink and materials accordingly! Please spread the word about this meeting and plan to attend.

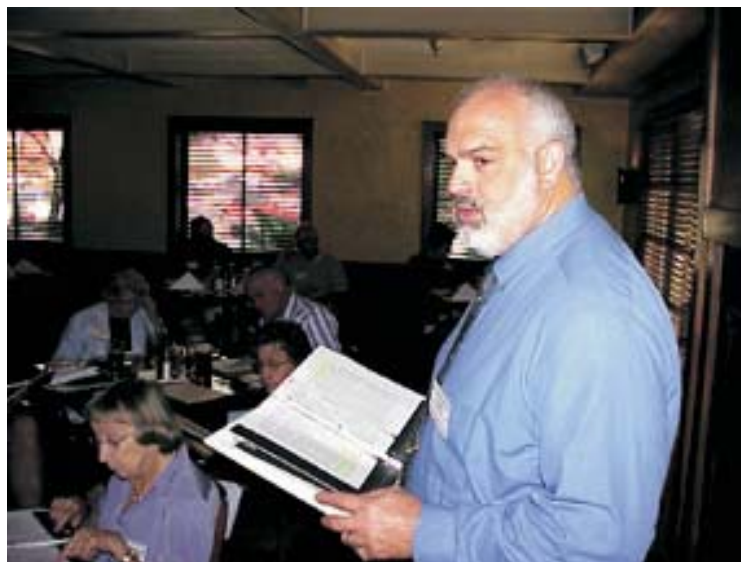
Contact us via e-mail, phone, fax or "snail mail" about your plan to attend. The information we'll present in these events will amaze you!

**Lessons from the Bible teach us to Tithe.**

**Are you titheing your estate to your church?**

One of the premises of our estate planning seminars is that every member should consider making a bequest to their church and making that bequest a part of their estate plan. If your church has not scheduled an estate-planning seminar, then we must ask "Why Not!?" It makes DOLLAR SEN\$E to do so!

We are taking a couple more reservations for May and we've already booked



**DSUMF Foundation Director, Dr. Rick Brown, teaching church members about its Investment Service.**

**PLEASE CONTACT US AT:**

**602-266-6956**

**TO RESERVE YOUR PLACE AT OUR ANUAL REPORT ROAD SHOW!**

**MAKE YOUR RESERVATIONS NOW!**



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AT OUR  
ESTATE  
PLANNING  
SEMINARS  
IS HIGH  
THIS YEAR!**

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AN ESTATE  
PLANNING  
SEMINAR  
IN YOUR  
CHURCH  
FOR  
MAY '04  
NOW!**

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PROGRAM IS  
GOING  
STRONG!**

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60% OF THE NET  
PROCEEDS TO  
PARTICIPATING  
CHURCHES!**

**WE DO ALL  
THE WORK,  
YOUR CHURCH  
RECEIVES MOST  
OF THE  
PROCEEDS!**

**WHAT ARE YOU  
WAITING FOR?**

**COPY THE  
"BOOKMARKS"  
TO THE RIGHT  
AND  
DISTRIBUTE  
THEM TO  
ALL  
YOUR MEMBERS  
NOW!**



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