

DOLLAR SENSE

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

Vol. II: Issue 6 A Service of the Desert Southwest United Methodist Foundation (DSUMF) June/July 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:

ENDOWMENT FUNDING

ESTATE PLANNING

CHARITABLE GIVING

INVESTING



Desert Southwest
United Methodist
FOUNDATION
DSUMF
602-266-6956

Thank you for your patience. As you may be aware, we did not publish a June issue of DOLLAR SENSE due to Annual Conference preparations. This issue is our June/July issue. Our next issue will be published on August 1, 2004. If you wish to add someone's name to our DOLLAR SENSE e-mail list or if you have your own questions, comments or concerns, please e-mail them to rick@dsumf.org. For more information about the Foundation and our services, please go to www.desertsw.org/foundation.html. The e-mail address is new. A new web site is also under construction and will be launched within the next few weeks. We hope to have more information about that in the next issue of DOLLAR SENSE.

ENDOWMENT FUNDING



In our last issue, we stated that **consistent**

and repeated educational efforts on your part are essential to the success of your Endowment Fund Program. There are times in everyone's life when they are more responsive to estate planning and planned giving than at other times.

Key moments of receptiveness in a member's life might include:

- Marriage
- Birth of a child
- Birth of a grandchild
- Death of a friend
- Death of a family member
- Divorce
- Planning a long trip
- Receiving a large inheritance
- Having the last child leave home
- Changing occupations
- Changing residences
- Setting a retirement date
- Change in tax laws
- Major illness
- Suggestions by an advisor
- The need to liquidate assets
- Selling the family business
- Reaching one of the "big birthdays"

Unfortunately, no one knows when all of those moments occur in a member's life! Since they occur at different times for different people for different reasons, a



single, one-time mailing or a once-a-year seminar will not reach all of your church members at their optimal moment of receptiveness.

This is why your Endowment Fund's educational and marketing plan must include repeated efforts throughout the year to inform your members about the Endowment Fund Program, the reasons for it, why they should respond to it and the many ways they can



ENDOWMENT FUNDING

Continued

respond. The only option for a successful Permanent Endowment Fund Program is to provide a consistent, on-going educational program that provides information that is readily available at all times for all members.



Let's look at some ways we might accomplish this in the local church.

An educational plan you design for your local church **must include** the following elements:

1. Leadership Education
2. Membership Education
3. News Items
4. Special Events
5. Observances
6. Donor Recognition

In subsequent issues of DOLLAR SENSE, we'll discuss each of these elements in more detail. In the mean time, it is not too late to begin your own plan. Do it now!

CHARITABLE GIVING

During the Foundation's Progress Report at Annual Conference, Executive Director, Dr. Rick Brown, announced the Foundation's venture into a Vehicle Donation Program. The program was designed to create income for both our local churches and the Foundation. The program is very simple and straight forward. Anyone who wants to donate a vehicle should call 602-252-1360. The phone will be answered by a representative of the company to which the Foundation has sub-contracted the vehicle donation program.

The donor will be asked to give the year, make model and condition of the vehicle. A pick-up time will be scheduled at the donor's convenience. At the time of pick-up, the title will be transferred. The vehicle is then sold at auction or salvaged,



depending on its condition. The company's costs for towing, title transfer and any minor repairs or reconditioning are retained by the

company from the proceeds realized. The remaining funds are distributed to the Foundation in the form of a cashier's check. The Foundation distributes 60% of the proceeds received to the church or ministry identified by the donor during their original phone conversation.



The donor will receive a letter and a receipt from the Foundation after the vehicle is sold. The receipt will list all the transactions from pick-up to sale and will itemize all costs, proceeds, etc. The donor may claim a deduction approximately equal to the Kelly Blue Book value for the year, make, model and condition of the donated vehicle. Cars, trucks, SUV's, golf carts, boats, planes, RV's are gladly accepted. We even received a riding lawn mower!

Since the beginning of this program, with almost no advertising except for "word-of-mouth" activities, we have received 50 vehicles ranging from "old clunker yard ornaments" to that riding lawn mower to an old, but low mileage RV. The Foundation has

received approximately 72% of all the proceeds generated from the sale or salvage of these vehicles. The sub-contractor has retained 28% of the proceeds to cover its costs associated with repair parts, labor, transportation (fuel), title transfers, etc.

After the presentation about the Vehicle Donation Program, a retired pastor called to ask about the details of the program. The Pastor was thinking about using his old car as a trade-in /down payment on a new one, but the dealer would offer only 33% of the vehicle's Kelly Blue Book value. The Pastor determined it would be financially better for him to donate the used vehicle and claim the proper income tax deduction than it would be to use the vehicle as a trade-in. The Pastor has also decided to designate 60% of the proceeds realized from the sale of this vehicle to his former church's Bold In Christ campaign.

WOW! What a Wonderful way to make a gift!



ESTATE PLANNING

Estate Planning is one of the most important stewardship activities we can be involved in during our lives. By planning on how your estate shall be distributed after your death, you remove the guess work and uncertainty that exists for your survivors if you don't plan.

Planning will help you eliminate distribution delays, will reduce estate administrative costs and will eliminate financial burdens that you may unintentionally place on your survivors. One who plans his or her estate is one who is being a good steward of their own assets. You've heard the expression "Charity begins at home." So does Good Stewardship!



In past issues we've discussed the first two steps in the six step process of estate planning. The first step is to understand the basics. The second step is to conduct an inventory of all

your assets. In the process of conducting the inventory, you are encouraged to determine both the fair market value of the assets and the manner in which title is held.

As we've pointed out in previous issues, estate planning is nothing more than deciding who is going to receive what assets from your estate after your death. Therefore, you cannot plan who is going to get what unless you know how much you have!

In the third step of estate planning, we encourage you to focus your thoughts in three areas:

1. The financial facts of your net worth,
2. How do you intend on using your net worth while you're living, and
3. who will receive what portion of your estate after you've passed away.

Some of the questions you must answer in these focus areas are difficult. For example, who shall serve as the guardians of your minor children should both you and your spouse die in an auto accident? For many, this question does not have an easy answer.

In our estate planning seminars, we ask this question and many more in order to get you to think about your options. There are no right or wrong

answers to these questions, but if you aren't asked to think about such things as guardianships, personal representatives, estate taxes, probate, trustees, etc., then you are unprepared for the development of your estate plan.

Assist the members of your church in becoming good stewards of their own assets. Help them become completely prepared to develop an estate plan by scheduling an estate planning seminar. The seminars are free. They are 2 hours in length and we provide an 80+ page booklet to all who attend. The booklet is also free of charge.

Annual Conference 2004 was a great time to see old friends who have attended the estate planning seminars we present. It was also a time to make new friends from big churches and small, from rural and urban, both near and far. It turns out that Annual Conference 2004 was also a great time to schedule an estate planning seminar!

As a matter of fact, representatives from several churches came to the Foundation's exhibit table at Annual Conference with seminar dates already chosen. A total of 8 seminars were scheduled for the Fall of 2004 and Spring of 2005. The result is that some of the dates your church

may have wanted are already taken. So, don't wait much longer; there are a limited number of Sundays available between now and the end of the year. Now is the time to begin scheduling your estate planning seminars.

ESTATE PLANNING SEMINARS REQUESTS ARE HIGH THIS YEAR.

SCHEDULE A SEMINAR IN YOUR CHURCH FOR SEPT. '04 THROUGH NOV. '04 NOW!

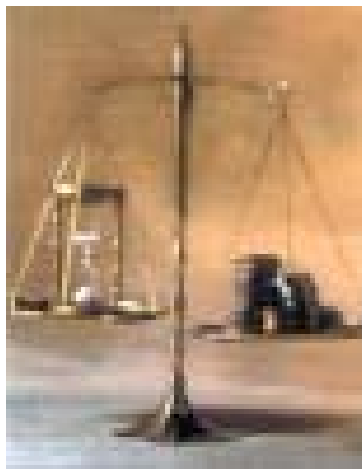
DO NOT DELAY!

CALL NOW!

602-266-6956

INVESTING

In the last issue, we spoke about fiduciary responsibility and using the dynamic Prudent Investment Management Process to invest your church's long term funds. The fiduciary who takes their responsibilities seriously and who follows the Prudent Investment Management Process can substantially reduce the amount of their personal liability, not to mention substantially increase the expected level of long-term rates of return for their church's funds.



The Foundation's Investment Committee takes these responsibilities very seriously and is constantly monitoring not only our professional money manager's rate-of-return performances, but also our attention to the entire Prudent Investment Management process.

For example, our Investment Committee expressed some concern over the performance of one of our bond managers. They evaluated the manager's performance on a quarter-by-quarter basis for the last couple of years as well as their performance for the 3, 5, 7 and 10-year time intervals. While the manager's performance was adequate, the Committee thought that our family of church and agency depositors deserved better than just "adequate" performance.

A request to our Wachovia advisors for information about other bond managers went out. Several managers were investigated and two were scheduled for interviews by the Committee. In addition, our existing bond manager was also interviewed to justify their performance relative to both their peer group and their benchmark index.

After an analysis of all three manager's buy and sell disciplines, rates-of-return, standard deviations (a measurement of risk), reaction plans for rising interest rates, etc., the old bond manager was fired and a new bond manager was hired.

All of this was done via a scheduled teleconference call. As previously stated, our Investment

Committee takes their fiduciary responsibilities very seriously and they are constantly looking out for our depositors' best interests. If you would like to know more about the committee's work, or join one of our Committee's teleconference meetings contact me at 602-266-6956 or via e-mail at rick@dsumf.org.



DSUMF is very proud to announce the addition of Spirit of Hope UMC as the newest member of our church and agency depositor family!



Support Your Favorite United Methodist Ministry.

DONATE YOUR USED VEHICLE!

**CALL:
602 - 252 - 1360**

- Free Pick Up!
- Full Value Tax Deductions!
- Any Vehicle, Any Condition, Running or Not!
- All IRS and Title Documents!
- Support Your Church!
- This program is raising serious income for its participants!

