

DOLLAR SENSE

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

Vol. V: Issue 6 A Service of the Desert Southwest United Methodist Foundation June 2007



This Newsletter's purpose is to provide clergy and lay leaders of the Desert Southwest Annual Conference's agencies, boards and churches 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!

As we approach Annual Conference and the triple digit temperatures of summer in Phoenix, the number of visits to our website drops off a bit. This is normal, and we have experienced a drop off in the number of visits from April to May. Even with the drop off, however, we are on a scorching pace of over 1,200 visits per month for the first five months of 2007!

ATTENTION ALL CRUISERS!

RESERVATIONS FOR OUR CRUISE TO THE MEXICAN RIVIERA WILL CLOSE AT THE END OF JULY!

**DEPARTURE FROM SAN DIEGO, CA:
10/27/07.**

**CABO SAN LUCAS
MAZATLAN
PUERTO VALLARTA**

**ARRIVAL IN SAN DIEGO, CA:
11/03/07.**

MAKE YOUR RESERVATIONS NOW!

**CALL HEATHER:
1-800-848-7120**



I wish to take a moment of "personal privilege" at this time. I was on the campus of the University of San Diego over the Memorial Day weekend for a glorious event. Both of my twin sons participated in their graduation ceremony and each received their respective Bachelor's Degrees. They finished their degrees on time (4 years), even after transferring from another university at the end of their freshman year, and losing many credits that didn't transfer in the process. They made up their "Lost Credits" by taking summer courses and by taking 18 credits per semester during their Junior and Senior years! I am very proud of them and I know they will accomplish "Big Things" in their future.

There is a reason for my point of personal privilege. When one walks around on the immaculately landscaped campus of the University of San Diego, there are a couple of striking views. One, of course is the scenery looking out over canyons into the San Diego Bay and the Pacific Ocean beyond. The scenery could not be

much better at any other campus in the U.S.!

The other striking view for me involves the plaques. Every building, almost every archway, every fountain, many walkways, rooms, etc. has a plaque. The plaques have the names of those who made gifts to build a building or endow a scholarship or fund a professorship of some sort. Yes, famous names like Jenny Craig (Jenny Craig, Inc.) and Joan B. Kroc (McDonalds Corp.) abound. But other names that no one has ever heard of are even more plentiful all over the campus.

You see, one doesn't need to be famous, or have great wealth to endow a mission activity, or a scholarship fund, or some other equally important ministry. All one needs to endow a fund to support a favorite ministry is a strong sense of giving. The dollar amounts, the timing of the gift, the vehicle used to make the gift, etc., are just some of the technicalities involved in making a gift. But they are just technicalities, and they are easy to address. In a



ENDOWMENT FUNDING Continued

recent study by the Center on Philanthropy at Indiana University, which was sponsored by the Bank of America, there were several key findings.

Over 65% of the study's "generous donor" participants indicated that "being asked" was an important motivator in their decision to make a contribution.

Only 25% of wealthy donors are interested in "leaving a legacy," because they believe "Giving Back Now" is more important.

There is a very strong correlation between donations of time and money. Those who donate time to an organization also donate funds. Why? The answer is because after investing time into the organization, they have a vested interest in its success.

Wealthy donors would like to see a complete repeal of the federal estate tax, but if federal estate taxes are not repealed, wealthy donors will continue to give just the same.

Entrepreneurs and self-made people are particularly generous people.

So where does all this leave you and your church's Endowment Fund

Program? Look at people who are already donating lots of time for various projects at your church. Teach them about the need to support your church's ministry, and then ask them to make a gift.

The Development Officers at the University of San Diego understand that it is important to teach and to ask. They obviously do both very well.

Time to Get a
New Cell Phone?
Recycle Your Old
Cell Phone
with Us!

Bring Your Old
Cell Phone to our
Exhibit Table
at Annual
Conference 2007.

Better Yet, Bring a
Bunch of Old Cell
Phones from
Members of Your
Church.

Bring All Your Old
Cell Phones to Our
Exhibit Table at
Annual Conference
2007!

We'll
"Cash Them In"
and use the funds to
support our
operations.

ESTATE PLANNING

In an analysis of 40 years of giving, Patrick Rooney, Director of Research for the Center on Philanthropy at Indiana University identified four key long-term trends in giving.

Trend #1: There is a rise in both foundation giving and in charitable bequests. In inflation-adjusted dollars from 1864 to 2004, total giving increased 200%. Within the "total giving" category, however, there are sectors, or sub-sets of giving that are also analyzed. Giving by foundations increased by 469% and giving via bequests increased 242%. The reasoning here is that as Depression-era and baby boomers age and die, their wealth is transferred to younger generations, to non-profits, via bequests, and foundations.

Trend #2: Total giving as a percentage of U.S.'s gross domestic product has hovered at 2% per year, every year, for the last 40 years. Despite the increase in giving within some sectors, at the same time, there is a decrease in other sectors resulting in the 2% of gross domestic product figure. As indicated, this figure hasn't changed at all. The good news is that as our society's wealth increases, so does the amount of funds contributed since it is a percentage of wealth.

The bad news is that non-profits have not been very successful in bringing about societal change in terms of increasing the percentage to something higher than 2%.

Trend #3: There is an inverse relationship between government and individual funding. In 2000, the U.S. Government gave \$1.8 trillion to non-profits, particularly those in the health and human services sectors. The organizations in this sector experienced the fastest growth in total funding from the government over the last 40 years. At the same time they have experienced the slowest growth in total giving from individuals. This is both the good news and the bad news. These organizations are receiving more government funds. But, if the government decides to fund something else or just cut funding, then these organizations will have lost their contact with their donors

Trend #4: There are more and more non-profit organizations; therefore there is more competition for the charitable gift. In 1995, there were a little more than 625,000 registered non-profit organizations. In 2005, that number had grown to almost 1,100,000. People are continuing to give; they just have more options and they can be very specific



ESTATE PLANNING CONTINUED

about the type of organization they choose to support.

The Next Trend: The Trillion-Dollar Transfer. The future of giving looks bright. As baby boomers continue to age, more and more of their accumulated wealth will be transferred. Some of this will be transferred to children and grandchildren. Some will be transferred to foundations and the rest will be transferred to non-profits. Researchers from the Center on Wealth and Philanthropy at Boston College suggest that non-profits will receive between \$6.6 and \$27.4 trillion between 1998 and 2052. Only time will tell if the predictions about the Trillion Dollar Transfer will be true, however, given the increase in both foundation and bequest giving over the last several years, perhaps the transfer has already begun. What is your church doing to secure some of the Trillion Dollar Transfer?

**Death is not
a matter of
"IF,"
it is only a
matter of
"WHEN."
Plan your
estate
NOW!**

INVESTING

Recently, a church member of our Investment Service Family decided to advertise to their membership, about the possibility of making gifts through transfers of securities. The church asked us for input as to providing their membership with instructions about the securities transfer process.

All of you should know that we provide a "Gifted Securities Transfer Service" as part of our all-inclusive, annual fee-based investment service. Churches that offer such a service receive more and larger gifts.

More and more members of our churches are choosing to make their gifts via appreciated securities. This is an excellent use of appreciated securities because the donor eliminates any possibility of capital gains taxes and many times donors qualify for income tax deductions that are greater than their original cost basis.

When a member contributes any gift in excess of \$250, then the recipient organization is required by IRS tax code to send an acknowledgement of said gift. If the gift is securities and the securities are sold within three years from the date of receipt, then the recipient organization must

file IRS Form 8282 and send a copy to the donor. If the donor chooses to itemize in order to claim the deduction, then the donor must file IRS Form 8283 and the recipient organization must complete a part of that form and sign it as well.

In 2006, 8 churches took advantage of our Gifted Securities Transfer Service. We processed 49 different gifts of securities, which represented over 100,000 shares of 42 different companies. Once processed through our twenty-step transfer service, these gifts resulted in over \$700,000 in proceeds to those participating churches.

We provided all the donors with proper IRS documentation, all the churches with proper accounting, and we saved our churches more than \$10,000 in commissions by providing the service FREE of CHARGE!

Investing just isn't about getting a high, gross rate of return; it is also about reducing your associated costs so that your net rate of return is as high as it can be. Our Investment Service includes investing your church's long-term funds in an actively managed, socially screened, well diversified, low risk portfolio, while also providing monthly accounting, annual audits, and a commission free "Gifted Securities Transfer Service."

Does your church have long-term investment funds? Are they invested with us? If so, then Thank You! If not, then WHY NOT? For all your investing needs, call us at 602.266.6956 Ext. 203.

Your support
of DSUMF
with
DONATED
VEHICLES
in 2006
was
GREAT!

THANK YOU!

For Vehicle
Donations,
CALL:
602 - 252 - 1360

Our Agent Provides:
Free Pick Up
&
Title Transfers

**Donations are
Tax Deductible**
(Equal To Proceeds Realized
from Sale at Public Auction)

**We'll Take Most Ve-
hicles,
Any Condition,
Running or Not!**

**Support Your Church!
60% of the sale
proceeds realized can
be distributed
to your favorite
UM Ministry.**

CHARITABLE GIVING

Over the years of writing articles about charitable giving, I've written about income tax deductions, and Charitable Gift Annuities and Charitable Remainder Trusts and tax free gifts from IRAs and more. But it just dawned on me that I've never written about the "most obvious" part of the charitable giving process. Unfortunately, the most obvious is often times the "most forgotten" part of the process as well.

The "most obvious" has to do with thanking your donors for their gifts. Does your church thank its members for the gifts they make? Does your church follow suggested IRS guidelines regarding donor acknowledgement?

What have you done for your members lately? If you have not sent them a note of appreciation or given them calls to update them about how you are using their gifts, then you have not done all you should be doing.

Members who make gifts need to know 3 things about their gifts:

1. They need to know that their gifts were received – and your were pleased to receive them.
2. They need to know their gifts were set to work as intended. And,

3. The ministries to which their gifts were intended are having the desired effect.

Timely and personal acknowledgement and recognition are critical in establishing an ongoing, long-term, trusting relationship with your members. Such contact also gives you (your church) the opportunity to let your members know that you are being a good steward of their resources and that you are doing a good job.

Oh, and by the way, such contact helps to lay the foundation for future gifts, some of which will most probably be large gifts through Charitable Gift Annuities or bequests.

Well known fundraising consultant and author of several fundraising books, Jerold Panas, executive partner of Jerold Panas, Linzy & Partners advises finding a way to thank a member for their gift seven times. The first thank you is critical and must be done within 48 hours of receipt of the gift.

Many large non-profit organizations have developed and follow a written donor-acknowledgement plan to help them stay organized. Such plans include different levels of interaction based on varying donation amounts. Some acknowledgement plans call for a progression

of contact ranging from computer generated post cards, to letters, to phone calls from staff, to handwritten notes from the executive to phone calls from board members, to invitations to special events.

Before you start wondering how much time and money such an acknowledgement plan would cost, think about the costs of not having any plan at all. It is never a good plan to expect your membership to give just because you exist - even if you are a church!

In another article in this newsletter, I wrote about a significant correlation between volunteering and giving money. The point is that you don't have to do all this by yourself. Think about recruiting a "Thank You" team of people from your congregation who do nothing but call each member that makes a gift – every time they make a gift – to say nothing but "Thank You." Members on the "Thank You" team will love what they do. Members who receive "Thank You Calls" will love receiving them, and your church family will become closer as a result.

William Faulkner said "Gratitude is a quality similar to electricity: It must be produced and discharged and used up in order to exist at all."

Showing your members appropriate gratitude for their contributions will put your church in the right light.

"Cruisin with the DSUMF" is a special event fundraiser for us. This year we will sail out of and back into San Diego and visit the Mexican Riviera from October 27 to November 3, 2007.

We negotiate low group rates, then mark the price up a bit, and offer the cruise at a competitive rate. Last year, "ship-mates" on our cruise to Alaska, qualified for income tax deductions of \$157.50 per person if they itemized on their tax returns.

Our ship, the ms. Oosterdam, is one of the newest in Holland America's fleet.

Please consider sailing with us. Book before July 31, 2007, and know that a portion of your travel dollars will be a tax deductible contribution that will support our operations!



Holland America's ms. Oosterdam in port at Sitka, Alaska during our 2006 cruise.

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