

DOLLAR SENSE

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

Vol. V: Issue 2 A Service of the Desert Southwest United Methodist Foundation February 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!

In January, more than 1.480 visits were made to our website. This is the highest number for any month ever! Keep those comments coming; send them to my e-mail address: rick@dsumf.org. If you want your church members to learn about estate planning or charitable giving or investing church funds or endowment funding, then call me at 602-266-6956, Ext. 203 to book a seminar now. DSUMF is booking seminar dates for the Fall of 2007. The Spring of 2007 is pretty well booked full! Don't delay. Choose your Fall 2007 seminar date and topic now!



If you've been reading DOLLAR SENSE for a while, you know how powerful an Endowment Fund can be. An Endowment Fund with \$10,000,000, invested at an annualized 10.0% rate of return would generate \$1,000,000 per year, every year for the foreseeable future. An

Endowment Fund with \$1,000,000 in earnings per year can make a significant and positive financial impact on a pressing need. Does your church have a pressing need that must be addressed?

Christ commands us to "go and make disciples" (Matthew 28:9-20).

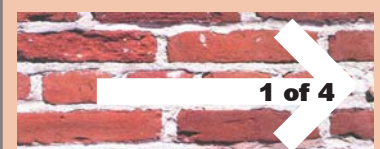
The Desert Southwest Conference (DSC) has, not a pressing, but an **urgent need** that must be addressed. That need is to start new churches. The most important priority facing the DSC when it was created in 1985 was new congregational development and the priority continues today because of the tremendous population growth in our DSC communities. Since 1985, the population in the Conference has grown by more than 4.9 million people. The General Board of Global Ministry has identified the Las Vegas Metropolitan Area with more than 1.5 million people and 13 United Methodist churches as the most "unchurched"

areas in all of United Methodism.

New church start demands on the DSC Budget are significant, and the budget cannot meet the demands. What would be the outcome of a project where every member of every church participated in a conference-wide fundraising campaign to place money into a "Planting New Churches Endowment Fund?"

One of the outcomes would be achieving one of the priorities of the DSC's Strategic Direction, which is to create a New Church Start Endowment Fund. The successful creation of such a fund would make a bold statement that we all believe in the future of our church, and that we want to build a sense of permanence in what we do.

Such an achievement would show that our stewardship activities are guided by the belief that all we have is a trust from God. We would be able to create a heritage that



ENDOWMENT FUNDING

Continued

future generations can joyfully celebrate.

In June, during Annual Conference, we will have a chance to vote on whether the DSC should create a New Church Start Endowment Fund, or not. A vote to create such a fund will be a proactive statement in our belief in the future of our church. We will be able to build a sense of permanence in the future work of the DSC. Most importantly, we would be taking active steps towards Making New Disciples of Jesus Christ. It doesn't get any better than that! How will your church's delegates to Annual Conference vote?

Could your Endowment Fund benefit from a new source of income?

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PROGRAM
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ESTATE PLANNING

If you've attended one of my estate planning seminars, you know my definition of estate planning involves developing a plan to give everything away. In order to develop such a plan, you need to know what you have. That is why people who attend my estate planning seminars are given homework assignments. One of the assignments is to conduct an inventory of everything you own using some forms provided in the 2007 Estate Planning Primer. (The Primer is provided free of charge to all those who attend the seminar.) Once the inventory is complete you have a general idea of what you've accumulated during your lifetime, then you can develop a plan to give all those assets away.

In the "asset accumulation phase" of our lives, we run into tax consequences for being successful "accumulators." Now, I'm not a student of tax law, but I do receive a lot of information from financial advisors about tax laws, their changes and how they may affect both your estate plan and how you accumulate assets.

Here are some tax-saving ideas that may help you

keep more of what you accumulate in the next few years.

1. If you can participate in a retirement fund such as a 403(b), a 401(k), or a public plan such as a 457(b), then each pre-tax contribution to such plans reduces your current taxable income. In 2007 you may contribute up to \$15,500.

2. If you are over age 50, then you may also contribute another \$5,000 in a "make-up" scenario.

3. Pay medical expenses with pre-tax dollars through an employer's flexible spending account. With flexible spending accounts, you can pay for out-of-pocket, health, drug, childcare, and eldercare costs. These expenses are reimbursable from your flexible spending plan on a dollar for dollar basis if you've funded the plan with pre-tax, payroll withdrawals. Be careful, however, with most flexible spending plans, you will forfeit any money not used during the year.

4. Long-term capital gains and qualified dividends taxable at the 15% rate were scheduled to expire at the end of 2008. Congress has extended this to the end of 2010.

5. The phased increases in IRA, 401(k) and other retirement contribution

limits will not expire after 2010.

For more and specific income tax-saving ideas that relate to you and your set of financial circumstances, see a professional financial or tax advisor. Now is the time to begin your income tax planning for 2007. To help you understand federal estate taxes and how they may affect your estate plan, schedule an estate planning seminar at your church. Federal estate taxes only affect 1½% of all American households. But if you are a member of one of those households, then you need to learn how to reduce or avoid those taxes so as to maximize your after death distributions.

Time to Get a New Cell Phone?

Recycle Your Old Cell Phone During Annual Conference 2007.

Better Yet, Bring a Bunch of Old Cell Phones from Members of Your Church to the DSUMF Exhibit Booth at Annual Conference 2007!

INVESTING

As a reminder to all our Investment Service depositors, we are going through our 2006 audit. The audit is conducted by a professional auditing firm that specializes in non-profit, church-related audits. The field work is done and we expect the results of our audit by the end of this month. In the mean time we do not produce monthly statements until the audit is final. This allows for final, end-of-year, audit adjustments to all year-end account balances prior to creating monthly statements for 2007.

I can tell you that our investment practices generated a 6.24% (unaudited) rate of return, net of all fees for 2006. So, a beginning balance of \$100,000 invested with us from January 1, 2006 to December 29, 2006 with no withdrawal and no deposit activity during the year, had an ending balance, after all expenses of \$106,240.

The actual rate of return before expenses was 8.1%. Therefore the DSUMF retained \$1,860 to pay for brokerage, monthly accounting, annual auditing, and gifted security transaction fees.

Some churches choose to invest their funds in low cost mutual funds. When they do this they think they are being good stewards of the church's money because the fees are low. What they don't know is that mutual fund companies are not required to disclose all their fees. So, the "low cost" mutual fund that is charging just a few basis points is actually taking the rest of their fees from the return they produce.

Mutual funds generally do not meet all the Social Principles of the United Methodist Church and most "socially screened" mutual funds are more expensive than the DSUMF's fees for providing an actively managed, socially-screened, low risk investment option that provides monthly accounting and annual auditing as well!

Choosing the DSUMF as your church's Investment Service also provides your church with several layers of oversight in the "Fiduciary Responsibility Department." With DSUMF, your church receives two, full-time professionals constantly monitoring your investment, an Investment Committee that meets monthly, two Investment Advisors employed by Wachovia Securities, Inc., twelve professional asset

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September 29, 2007, marks the sailing date from San Diego, CA on Holland America's ms.Oosterdam to the Mexican Riviera.

After ports of call at Cabo San Lucas, Mazatlan and Puerto Vallarta, and three days at sea, we will return to San Diego, CA on October 6, 2007.

Once again, we will enjoy fellowship with Bishop Carcaño, and other like-minded United Methodists. DSUMF's Executive Director, Dr. Rick Brown will present educational seminars about estate planning and charitable giving. Since there will be more time at sea than on our Alaskan cruise in 2006, there will also be more time for fellowship, perhaps even Bible Study!

We have negotiated low group rates, and it isn't too early to make your reservations for September's 2nd Annual "Cruisin With The DSUMF" Event. For free, color brochures for yourself, friends, family, etc. call us at 602-266-6956 Ext. 203 NOW!



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

INVESTING CONTINUED

management firms, and all the "Due Diligence" Wachovia offers in terms of their research and evaluation of asset management firms.

If your church has decided to use a mutual fund, it has taken the fiduciary responsibility all on itself, and is in violation of several of the 27 Prudent Investment Practices required by 3 different acts of Congress. The church that decided to use mutual funds is only trying to be a good steward of their funds, by managing them in a low-cost fashion. But much like any other service in this country, "you get what you pay for." Don't your church and the donors who provided those long-term funds deserve the best? Call us at 602.266.6956 Ext. 203 for an Investment Service presentation today!

**DON'T
FORGET!
RESERVE
YOUR CABIN
BEFORE
2/28/07
AND RECEIVE
\$25 SHIPBOARD
CREDIT PER
PERSON!**

CHARITABLE GIVING

The quilt of compassion is made with patches of volunteerism. Survey after survey about philanthropy identifies volunteerism as the common thread to donations whether they are traditional in nature such as gifts of money and property, or whether they are non-traditional in nature such as gifts of blood, organs, or bodies.

Here are some facts:

- ✦ 75% of all volunteer hours are donated by members of churches.
- ✦ "Churched" volunteers donate their time to both their church and non-church or secular organizations.
- ✦ "Churched" volunteers that donate time to both church and secular organizations also donate 70% more money per year than "unchurched" volunteers.
- ✦ "Churched" volunteers are more likely to donate not only money, but also blood, organs, and bodies than those who do not volunteer at all.

Givers and volunteers to religious congregations are more generous with their money and time than those not motivated to support religion at all. This statement holds true across income categories

and remains valid when socio-economic status is taken into account.

Americans who give to or volunteer for religious congregations give more time and money than those only involved in secular charitable activities or not involved in volunteering at all.

The power of faith-based volunteering and giving is clear, compelling, and measurable. Beliefs, values, attitudes, and commitments learned in faith-based institutions translate into high levels of traditional and non-traditional generosity. Independent of economic status, a belief in God is the single most important factor influencing charitable giving activities.

What is the bottom line here? If you want to increase giving at your church, then provide more mission opportunities for your members. Ask people to volunteer. Their lives will become richer, your church will live into a Christian priority involving Social Holiness, and, oh, by the way, people will also donate more money.

**Interest received
from bonds is not
equal to the total
rate of return
in your Bond
Portfolio.**

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Building Your Church's Financial Future One Brick at a Time!