

Giving Through Your Last Will & Testament

Churches that are actively involved in permanent endowment fund programs which promote the concept and expectation of deferred giving from its members should be aware of this interesting fact: 80% of all deferred gifts come via the bequest. What is a bequest? A bequest is a gift one makes after death via the Last Will and Testament.

For the donor, a bequest to their church is a way of perpetuating their support for their church family and the role it plays in the lives of others. It also enables the donor to make a major gift that might not otherwise be possible during lifetime.

A Last Will and Testament serves as a set of written instructions for the distributions of a decedent's assets after death. After provisions for paying final debts and family members have been made in the Last Will and Testament, through a bequest, the donor may direct the distribution of assets to his or her church. The donor may stipulate whether the bequest is for the general support of the church or for a specific mission project within the church. A bequest may also be made in honor or memory of another individual.

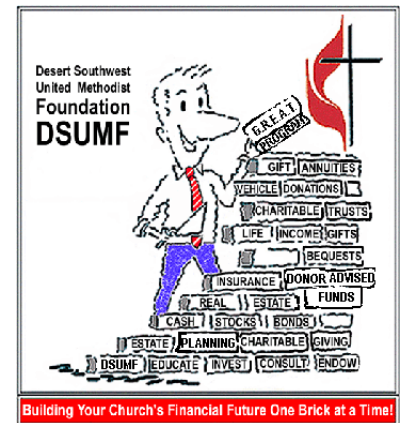
In addition to cash and securities as possible sources for the gift, bequests to the church may include real estate, works of art, personal property, patent rights, mineral rights, etc. All outright bequests to the church are exempt from federal estate taxes, and there is no limitation on the size of the gift. Therefore, if the donor has a federal estate tax liability, one way to reduce or eliminate the liability is to give an appropriate portion of the estate to the church. This removes the gifted amount from the estate, thereby reduces the estate's net worth. If the gifted amount reduces the estate's net worth enough, then the estate would have no federal estate tax liability.

There are four or five different types of bequests that one could make.

- 1. Outright Bequest:** this type of bequest involves **1a) a specific dollar amount** or **1b) a specific piece of property** that is to be distributed after death.
- 2. Percentage Bequest:** this type of bequest involves giving a specific percentage of the estate. The Bible teaches us to "tithe" or give 10% to the church. The Percentage Bequest is an easy way to honor that teaching.
- 3. Residual Bequest:** this type of bequest usually involves a percentage of the estate that is left after all financial obligations, and all other bequests are satisfied.
- 4. Conditional or Contingent Bequest:** These types of bequests occur only if some other condition is met first. For example: "If my spouse predeceases me, then I bequeath (dollar amount, percentage, etc.) from my estate to the church."

It is important to remind you that each type of bequest can be designated for a specific purpose within the church; a bequest can also be undesignated. With undesignated gifts, expenditure of the asset received is to be determined by the appropriate authorities within the church at the appropriate time.

As a part of its educational plan, Permanent Endowment Fund Committees are encouraged to have a brochure available for their members that details the types of bequests and provides specific language the



members can use in their estate planning documents. The DSUMF can produce such a brochure for you (for a small fee, of course!).

Following are some examples of bequest language that you can put into a newsletter, brochure, etc. When making or revising a will, you should obtain the assistance of an attorney. The DSUMF or members of your church's Permanent Endowment Fund Committee will be pleased to work with you and your attorney to design an estate plan specifically tailored to your wishes. The following are suggested forms for making various types of bequests.

1. Outright Bequest:

(a) Specific dollar amount:

"I bequeath the sum of \$ _____ to ABC UMC, <CITY, STATE, ZIP>, to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate."

(b) Specific property (personal property):

"I bequeath <DESCRIPTION OF PROPERTY> to ABC UMC, <CITY, STATE, ZIP>, to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate."

(c) Specific property (real estate):

"I devise all of my right, title and interest in and to the real estate located at <DESCRIPTION OF PROPERTY> to ABC UMC, <CITY, STATE, ZIP>, to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion deems appropriate."

2. Percentage Bequest:

"I devise and bequeath (_____%), of my property to ABC UMC, <CITY, STATE, ZIP>, to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate."

3. Residual Bequest:

"I devise and bequeath (_____%), of the remainder or residual of my property to ABC UMC, <CITY, STATE, ZIP>, to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate."

4. Conditional or Contingent Bequest:

Insert conditional language into one or more of the previous examples. The conditional language is that which is between the words "If," and "Then." For example:



“If my husband/wife does not survive me, then I bequeath the sum of \$ to the ABC UMC, <CITY, STATE, ZIP> to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate.”

If the gift to ABC UMC is for a purpose other than ABC UMC’s unrestricted use, insert the restriction in place of the words “to be used or disposed of as its Permanent Endowment Fund Committee, in its sole discretion, deems appropriate.” For example:

“I bequeath the sum of \$_____ to ABC UMC, <CITY, STATE, ZIP>, for the following use and purpose: <DESCRIPTION OF PURPOSE>.”

In the event of a gift subject to a restriction, we suggest including one of the following provisions:

“However, I impose no legal or equitable obligation in this regard.”

or

“If in the judgment of the Permanent Endowment Fund Committee of ABC UMC, it becomes impossible to accomplish the purposes of this gift, the income or principal may be used for such related purposes and in such manner as determined by its Permanent Endowment Fund Committee.”

