

Living Legacy

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KENTUCKY
BAPTIST
FOUNDATION

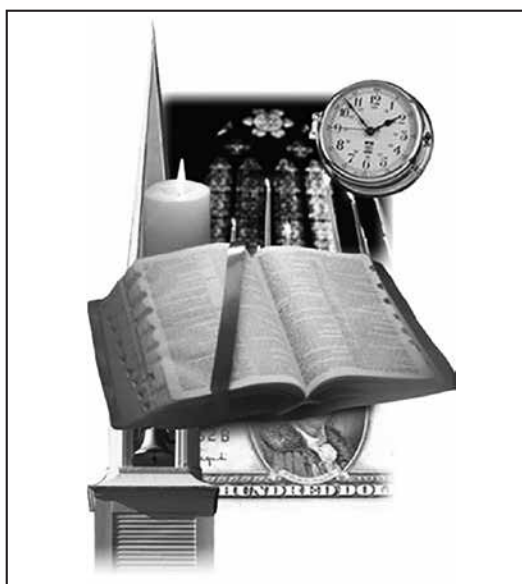
Winter 2014

SERVING THE FINANCIAL NEEDS OF THE CHURCH

The KBF continues to be amazed at the number of churches unaware of its investment management oversight service to Kentucky Baptist churches. As a result, many churches have limited themselves to certificates of deposit and money market accounts as the only investment options available to them. The same is true for church cemetery funds.

Of course, we are grateful and pleased to be serving already the investment needs of the many churches using this service, and we desire to extend this to many more churches.

We are happy to provide information about the KBF's investment service to those churches who are interested. We urge church leaders to invite KBF president Barry Allen to make an investment presentation to the appropriate leadership group in the church for consideration and comparison. There is no cost or obligation for the presentation. He is available by appointment to meet



Church Investments

with church finance committees, trustees and other stewardship groups to present this information. Just call the toll free number (KY only) 866.489.3533 to make an appointment. Also, the KBF website has information about this service.

The KBF operates two investment funds: an equity fund and a fixed income fund. A church may select the asset allocation between these two funds that best accomplishes the investment objectives of the church's account. A church

can have multiple accounts, and each account can have a different asset allocation, if needed.

The KBF utilizes a team of professional investment management firms and strategies across a variety of asset classes with different, but complementary, styles and investment decision-making processes to accomplish the investment objective of each investment fund within the risk definition and quality standards of each fund. The KBF also utilizes an investment advisory firm to assist the KBF investment committee in the governance and monitoring of this investment management oversight service.

The hallmarks of the KBF's church investment service are: value added performance, Christian-based social screening of securities and below-market cost. Although past performance is no guarantee of future results, KBF can provide your church with references of other churches that have been using satisfactorily the KBF's service for a number of years.

ACCOMPLISH YOUR GOALS

*Provide for loved ones
and Kentucky Baptist
Foundation.*

Estate plans are not just for the wealthy. Your assets, even if modest, deserve a comprehensive review. You may want to consider the following strategy for accomplishing your personal and charitable objectives:

1. Determine your assets.
2. Define your goals.
3. Designate your beneficiaries.

*You may have more than
you think!*

To determine your net worth, add up the value of your assets. This includes your home and other properties you own, vehicles, collections of value and other

personal property, checking and savings accounts, certificates of deposit, retirement plans, investments, etc. Then subtract your liabilities: mortgages, loans, etc. The remaining figure is your net worth.

Shaping up your plans

Next, meet with your professional advisors as you define your personal and philanthropic goals. An attorney, and possibly your accountant, life insurance representative, or other specialist, can take your specific circumstances and structure an estate plan that best meets your needs.

This step can also relieve you of unnecessary taxation and burdensome administrative details and decisions, bringing peace of mind to you and those who rely on you for financial matters.

The choice is yours

Complete, up-to-date, and legally valid estate plans demonstrate your willingness to do everything you can to facilitate the eventual distribution of your assets to heirs and charitable interests.

Charitable bequests need not affect your family's future security. There are a number of ways to remember charitable interests in your plans, whether it be a specific property or dollar amount, a percentage of your estate, or as a residuary beneficiary to receive what's left after loved ones are taken care of.

Please let us know if we can help you and your advisors as you consider the charitable dimensions of your plans.

ARE YOUR PLANS UP TO DATE?

If it has been some time since you reviewed your plans for the future distribution of your assets, take this brief quiz to find out if your plans are in shape and up to date:

1. Do you have a will or living trust in place to help distribute property at death? Yes No
2. Is the makeup of your family the same as when you last reviewed your plans? Yes No
3. Do you live in the same state as when you last updated your will and/or other plans? Yes No
4. Is the executor you named still able and willing to serve? Yes No
5. Have you executed appropriate powers of attorney to allow someone you trust to act for you during lifetime, should it become necessary? Yes No
6. Have you designated who is to receive your insurance and/or retirement plan assets? Yes No

If you answered "no" to any of the above questions, you may need to review your plans. Please contact us if we can assist you or your advisors in any way.

One of the most important parts of efficient estate planning is taking the first steps. Putting your plans in the form of an outline can be a good way to start. Committing your goals to paper can make them more manageable.

Writing a thoughtful summary of your intentions can save expenses, too. Your attorney can prepare your will and other plans more quickly when working from a “blueprint” you provide.

Keeping in mind the “4 Ps” of estate planning may be a helpful starting point.

People: First, list the names of the *people* for whom you want to plan. They might include family members such as a spouse, children and grandchildren as well as close friends and employees.

Property: Second, make a list of your *property* and how you own it. In addition to cash and investments, note other property such as real estate, stocks, automobiles, life insurance policies, retirement plans, jewelry and collections of value. Estimate the dollar value and cost of each asset, along with any income it produces.

Plans: The third “P” will be your *plans* for matching people and property. List which property you would like each person to receive. A number of people choose to include charitable gifts to causes important to them as part of their plans.

Many tools have been developed for use in transferring property during your lifetime and as part of your estate.

Planners: Finally, list the *planners* who will help you put your plans in effect. An attorney should draft legal documents. Your accountant, bank and life insurance professionals, investment advisors and representatives of charities may also take part.

You are now ready to meet with the person or persons you choose to coordinate the implementation of your plans. A draft of these plans should be prepared by a professional and carefully reviewed by you and perhaps one or more loved ones. Once all details are settled, your will and related documents are ready for signing.

THE ‘4 PS’ OF EFFECTIVE PLANNING

Who Do You Want To Provide For?

1. *Spouse*
2. *Sibling*
3. *Children*
4. *Grandchildren*
5. *Nieces, nephews*
6. *Friends*
7. *Kentucky Baptist Foundation*

PLANNING FOR INCAPACITY

As part of the estate planning process, consider two other documents that can help make sure your wishes are met.

A **power of attorney** can name a person or persons you wish to handle your financial affairs should you become

incapacitated or simply prefer to have others manage your assets.

A **living will** can record your wishes about extraordinary medical care and life support measures.

State laws govern powers of attorney and living wills. Ask your attorney and other appropriate advisors for options.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMXIV RFSCO, Inc. All Rights Reserved NFX-14

GREETINGS IN THE NAME OF OUR LORD JESUS CHRIST:



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When presenting the KBF investment management oversight service to church finance committees and trustees, I remind them of the parable of the talents found in Matthew 25:14-30.

Jesus used this parable to warn His followers that at His coming He will take account of the way in which they (we) have borne our special responsibilities—that is, an account of our faithfulness to Him in the use of the opportunities He has entrusted to us.

You will recall the master in the parable entrusted money to his three servants. To one he entrusted 5 talents, to another 2 and to the other 1. When the master returned to settle the accounts he discovered two of the servants had taken the risk of investing their talents, and doubled the number.

For this, the master complimented them highly and rewarded them with greater management opportunity. The servant with the one talent, out of fear of loss, hid it in the ground in order to return to the master exactly what the master had entrusted to him.

However, instead of commending him, the master called him wicked and slothful and took away the talent and gave it to the one who had 10. This servant's action amounted to a breach of trust for which he suffered judgment and consequences.

Oftentimes a church finance committee or a church treasurer will manage funds entrusted to the church in the same way the servant who was entrusted with one talent managed that one talent. They expect to be commended for being cautious and not exposing the Lord's money to any risks. They limit the investment options to such investments as bank certificates of deposit with the FDIC guarantee and avoid any exposure to the equity and other financial markets.

What a huge missed opportunity in financial stewardship! Inflation alone is a huge risk these church leaders fail to recognize when the time horizon for the investment is longer term.

For example, at an average inflation rate of 2 percent per year, the original principal of a church fund declines in 10 years to 82 percent of its original value and to 67 percent in 20 years.

If your church has investable funds with time horizons beyond 3 years, please give the KBF an opportunity to assist in the investment management oversight of these funds with the goal of receiving from our Lord a "well done, good and faithful servant..."

