

# Living Legacy

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## ESTATE PLANNING EDUCATION FOR CHURCH MEMBERS

Did you know churches are the most overlooked charities in estate stewardship? And yet, the opportunity to cultivate and secure an estate gift from a church member is the envy of other charitable organizations. Why? Because the membership of a church is a geographically concentrated group of people who know and identify with one another and who consider their affiliation with the church to be a defining characteristic of their identities.

How many of your fellow church members have died in the past year, one year, two years, three years or ten years? How many of them included the church in their estate plans? From statistics and my own knowledge, the answer is “very few.” Why? The primary reason, we believe, is they were not asked, encouraged or expected to include the church in their estate plans. Many of them included other charitable organizations like educational institutions, children’s ministries, human need ministries, the arts and others, but not their

church. Why? Because those organizations asked them to do so.

Lifeway Research reported in February 2013 that 72% of Southern Baptist pastors stated they believed every adult church member should include the church and other ministries in their estate plans. However, 86% of those pastors reported they had not provided their congregations with any basic information on estate planning in the past year. What a huge missed opportunity for both church members and the ministries of their churches!

To be successful in reaching their communities and the world for Christ, churches must be equipped to cultivate and secure estate gifts from their members.

The Kentucky Baptist Foundation offers solutions to the estate planning education needs



First Baptist Williamsburg, 2014

Photo by Jonathan Ramey

of church members. Among the solutions are several stewardship education seminars we conduct in churches, including *Estate Planning Mistakes and Solutions*, *Ways to Make Gifts to Your Church*, *The Truth About Probate and Living Trusts*, *Who Will Be in Charge If...?*, *Long-Term Care Planning*, and *Ask a Lawyer*.

Please turn to the back page for information about how to schedule one of these informative and useful seminars in your church.

# A GIFT THAT KEEPS GIVING

*Many use endowments  
to support causes  
close to their hearts.*

In addition to providing assistance for current or capital needs, a growing number of donors are supporting the long-term needs of charitable organizations through endowment gifts.

Read on for answers to frequently asked questions about endowment giving. You may find that endowment gifts can help you provide a solid future for charities you care about.

## Q. What is an endowment gift?

A. Unlike current gifts, endowment gifts provide a permanent source of support to a charitable organization instead of being expended immediately. Just as an individual's savings or investments can provide a degree of security, endowments provide charities with a stable source of funding for the future.

## Q. How does an endowment gift work?

A. Each year the earnings of the endowment fund are distributed, but the original value of gifts to the endowment fund are never spent.

## Q. What can I use to fund an endowment gift?

A. There are many types of assets you can use to make an endowment gift. One of the most popular ways is a gift of cash. Cash gifts may be designated to an existing endowment or used to establish a new endowment.

## Q. Can I give property rather than cash to complete my endowment gift?

A. Yes. Property, such as marketable securities or real estate, may also be given for endowment purposes. Such gifts are usually deductible at their full fair market value, regardless of what the donor paid for the asset. A significant tax deduction for the gift is available for the appreciation element that escapes taxation.

## Q. What if I need my cash for current expenses and my securities have decreased in value? Can I still make an endowment gift?

A. Yes, there are other ways to make such a gift. For example, an easy and economical way to provide an endowment gift is by donating a new or existing life insurance policy. Policies no longer needed for their original purpose may be an excellent source for such gifts.

Or, if you are one of the many Americans with qualified retirement plans, you may find that retirement plan assets provide one of the most efficient sources for gifts to endowments.

Check with us or your advisors for more information. Additionally, after providing for yourself and other heirs, funds from charitable remainder trusts and other planned giving arrangements may be designated for endowment purposes.

## How to Endow Your Giving

To Provide Annually	Endowment amount*
\$100 .....	\$2,500
\$250 .....	\$6,250
\$500 .....	\$12,500
\$1,000 .....	\$25,000
\$5,000 .....	\$125,000
\$10,000 .....	\$250,000
\$25,000 .....	\$625,000
\$50,000 .....	\$1.25 million

*\*assumes 4.0% distribution rate*

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Endowments can be traced back to the eleventh and twelfth centuries. As religious gifts to help the poor, they were administered by medieval bishops and priests. These days, an endowment gift can be made to a wide variety of charitable organizations and institutions. Typically it pays tribute to, or is created in memory of, a special person or family. This gift can be made as:

- An outright gift during life
- A deferred gift (such as a bequest through a will or trust)
- A combination of both (such as a bequest that is added to an outright gift)

#### *How does it work?*

The *principal* remains untouched in order to bring

perpetual financial stability to the charitable beneficiary. A portion of the *investment* return from an endowment provides a source of income that generally is used to meet regular operating expenses or to fund specific ministries and programs of the designated endowment charitable beneficiaries.

#### *Coordinate with professionals*

Because an endowment is legally intricate, it is wise to work with an experienced attorney and the gift planning staff of the charity(s) to be benefited. As with other types of charitable giving, the donor is eligible to receive tax savings. For many supporters, this plan is an easy and effective way to fulfill their charitable priorities with farsighted, ongoing, and everlasting support.

## AN EVERLASTING GIFT WITH ‘PRINCIPAL’

*Seek professional advice when making this or any type of gift.*

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Charitable gifts included as part of your long-range estate and financial plans can offer a wonderful way to provide lasting support for charitable causes well into the future. Some points to remember:

- Memorial and endowment gifts are often received through an estate. A memorial can serve as an enduring tribute to one or more individuals while contributing to the future of the organization(s) designated as beneficiaries of the gift.
- Estate gifts can be funded with cash, securities, real estate, or other property.

- A gift of all or a portion of the “residue” of your estate refers to property remaining after all distributions to family and others have been satisfied.
- Gifts may be stated in terms of a percentage of an estate, thereby allowing gifts to increase or decrease depending on the value of the assets remaining.

We will be pleased to provide more information to you and your advisors concerning ways you can provide a lasting legacy to charitable causes while preserving financial security for you and your loved ones.

## LEAVING A LEGACY

*Charitable gifts can easily be included in your estate plans.*

# GREETINGS IN THE NAME OF OUR LORD JESUS CHRIST:



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In 1 Timothy 5:8, the Apostle Paul advises and admonishes us about taking care of tomorrow today. He said, "If anyone does not take care of his relatives, and especially his immediate family, he has denied the faith and is worse than an unbeliever." Did you hear that: "worse than an unbeliever!?" Wow! That's strong language, is it not?

Today 60% die without a will. And a very high percentage of those who have a will do not have a current will because they have not updated it along the way as the circumstances and relationships in their lives have changed. Those who have not exercised the privilege of making a will do have a will. And for those who are residents of the Commonwealth of Kentucky, that will is referred to as the intestate succession statute. Other states have similar statutes. Not only will your family be very disappointed in how the Commonwealth will divide your estate, but also your church and other causes near and dear to your hearts will not be included.

Let me urge you to invite Laurie Valentine to lead one or more of our educational seminars. If you want me to join her, just ask. We

have nothing to sell, and we do not twist anybody's arm to do anything. Our sole purpose is to encourage, educate and enable you and your fellow church members about the basics of estate planning, incapacity planning, charitable gift planning and long term care planning. There is no cost for the seminars as the cost has been prepaid by the collective giving of churches through the Cooperative Program.

We have found the best times to offer the seminars are (a) during the Sunday School hour, (b) in lieu of the Sunday night service and/or (c) at a senior adult luncheon or dinner.

We believe God is the owner of all the things He has entrusted to each of us, and we are His stewards. And, we believe how we plan our estates likely will be the single most important act of financial stewardship we shall ever perform, regardless of our financial stations in life. Therefore, it is our Christian responsibility to plan for how God would want what He entrusted to us in life to be used beyond our lifetimes.

Please call us toll free to schedule a seminar for your church or church group.

