

Building

LEGACIES

Financial & Gift Planning Ideas from
your United Methodist Foundation

Fall 2004

Act of Faith

Christians share in the knowledge that all we have comes from God. God trusts us to care for ourselves, our family, and for the world. When you recognize God's will in all you have, all you are, and all you do, giving becomes an act of faith.

You can choose to provide for the future of your loved ones, and strengthen the institutions that have meant the most in your life. One of the ways is to establish a Charitable Remainder Trust.

Your options include several different lifetime arrangements as well as including gift provisions in your trust. Many people find the lifetime options very attractive

because of the increased income and tax benefits during life.



A Charitable Trust pays you, or someone you designate, an annual income. You establish the payout rate, and name the trustee and beneficiaries. At maturity, the principal is distributed to charities as you designate.

The charities can be directed to use the gift in ways you specify. Another option, have the gift held to provide income for the charity in perpetuity. A charitable trust provides additional benefits, including income tax deductions and avoidance of capital gain income.

How a Charitable Remainder Unitrust Works

A Unitrust is based on the trust's current value and is a tax-sheltered trust designed to pay you and/or your loved ones an income. Each year the trust principal is revalued and this value is multiplied by the Unitrust rate to determine the beneficiary payments. As this value increases, the payments increase correspondingly. The Unitrust rate is negotiable within certain limits, with a minimum rate of 5%. Payments are made to the trust beneficiary(ies) for life or a specified term of years. You can create a Unitrust by transferring cash, securities or property to our organization, naming it as trustee.

Preparing for your future and that of your church.

STORY INSIDE: How one couple built a legacy.

Example of a Unitrust

The unitrust is a versatile instrument that can help meet many objectives. Here is one example:

Ten years ago, Bob and Beth purchased growth stock for \$20,000. It is now valued at \$100,000, but the annual dividends are only \$1,000. Now that they are both age 70, they would like to supplement their retirement income. To do this, they transferred the stock to a unitrust with a 6% payout rate.

In the first year, they will receive a \$6000 payment (six times the dividends they have been receiving) and their payments will increase in time if the

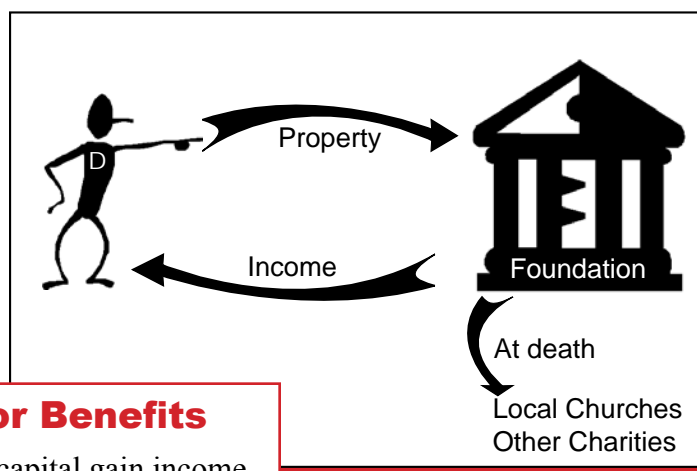
assets of the unitrust appreciate. Furthermore, they avoid tax on their profit in the stock, and they receive a tax deduction of almost \$36,000. In their 33% tax bracket, this saves them more than \$11,800 in taxes.

Other possible objectives might be; convert a nonproductive asset to a stream of income, supplement your retirement plan, or meet the needs of a loved one.

The Foundation would be happy to discuss your personal circumstances, and explore how a Charitable Remainder Unitrust might fit your needs.

Possible uses of the Charitable Remainder Trust

- Increase spendable income
- Convert a nonproductive asset to a stream of income
- Supplement your retirement plan
- Meet the needs of a survivor



Donor Benefits

- Avoid capital gain income
- Tax deduction
- Income for life
- Support favorite charities

"I didn't know the Church had someone to help me do this." This statement is heard often by United Methodist Foundation staff members from donors who have been assisted in making gifts to benefit their church. The Foundation often operates "behind the scenes" due to the confidential nature of working with donors, and therefore may not be well known to many persons. Yet, the stewardship services provided by the Foundation are of significant value to local churches and to individual donors.

Helping Build Dreams

If you had the opportunity, would you take steps to make the world a better place? Having spent much of our life trying to make things better for our family, our work, our church and our community, most of us would readily say yes if we really thought we had that opportunity.

Here is the story of one couple that seized an opportunity that will further Christ's Kingdom long after their death. They took steps to structure their financial affairs and will help build dreams by funding ministries of Christ's Church.

Building a Legacy

Dale and Doris Inbody are an ordinary couple who worked hard farming their land, raised their children and are still active at their church. They also made the decision to build a legacy. At the discovery of Dale's cancer, Dale and Doris questioned "what would they do with everything?" However, their biggest fear was how Doris would manage once Dale was gone.

In December 2003, the Inbodys received a newsletter from the Foundation. The newsletter piqued Dale's interest. He started reading through the information and told Doris that maybe this was the solution for their concerns. If they could give to their church and still provide for Doris, it would be ideal.

Dale called the Foundation and arranged a visit of the director. They discussed the Inbody's goals and the many gift design possibilities and benefits. A plan was developed, and the process began. The Inbodys were surprised how quickly everything moved. Since their children would be giving as much as Dale and Doris, (by forgoing part of their inheritance) they talked the plan over with them. The Inbody's plans for the future made their children happy. Dale and Doris again called the Foundation and a plan was set in action. A Charitable Remainder Trust was agreed upon. It would comfortably provide for Dale and Doris for life,



and provide a continuing benefit for their children. At the end of the trust term, they are creating an educational scholarship fund in memory their beloved son Thomas Dale, and another fund to aid in new ministries at their church.

When asked how being able to make this gift made the Inbodys feel, Dale's response was, "To be able to do this makes us feel real good, it is something we can do to help our church. It also is something we could do in memory of Tom. God has been good to us and when we look to the past, we realize we would not have any of this, if not for God. God allowed things to work out for us. When we are no longer here, why not give to someone else. Our church has several young people that have decided to go into ministry. If this will help one of them continue getting an education, I think that is the best thing our money can do. Our church is not a wealthy congregation, and we know there are kids that will need help with education. What better way to help than through a scholarship?"

Doris' responded by saying, "It gives you peace of mind and that is everything."

Charitable Remainder Trusts provide opportunities for donors to honor the life and special contributions of others. Gifts given in honor and in memory of family and friends are a major source of assets with which to build endowment funds for the local church.

What will I leave?

One thoughtful church member reasoned, "Those persons who preceded me in this church left a rich heritage. What will I leave as a heritage for future generations?"

Strengthen your church mission and ministries.

A call to the Foundation office will start you on "a new and exciting stewardship adventure" that will strengthen your church for mission and ministry today and tomorrow.

Investigate the Possibilities

Isn't it time to investigate the ways you can use what God has so generously given you?

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How Do We Get Started with Our Charitable Remainder Trust?

1. Call the Foundation and share with us your thoughts and goals.
2. The Foundation will send you information regarding different gifting tools you may want to consider.
3. We will arrange to meet with you to answer your questions and explore the benefits of different options that could be used to achieve your goals.
4. We will develop proposals for the options most appealing to you, develop a comparative analysis, and prepare an explanation of the different options. We will send these materials to you for review and study.
5. We will arrange to meet with you to review all materials sent, answer your questions, and help you determine which options best meet your needs and help achieve your goals.
6. When you are ready, we will assist your attorney and tax advisor in finalizing your plans.
7. If you wish, we can serve as trustee of your trust and can even provide administrative services for any endowment you may elect to establish with the remainder of your trust.

Get Started on a New and Exciting Stewardship Adventure



Mission Statement

“The Foundation seeks to serve God by assisting agencies, churches and members in promoting stewardship of acquired assets, building of endowment funds, and administering entrusted funds for mission and ministry.”