

Building

LEGACIES

Financial & Gift Planning Ideas from
your United Methodist Foundation

Spring 2005

Defining a Gift for the Future

Charitable-*char-i-ta-ble*-adjective: 1. full of love for and goodwill toward others 2. liberal in benefactions to the needy

Gift-*gift*-noun: 1. something voluntarily transferred by one person to another without compensation 2. to give away an asset and/or income.

Annuity-*an-nu-ity*-noun: 1. a sum of money payable yearly or at other regular intervals 2. refers to the creation of an income stream.

These three words united can make a big difference. A **Charitable Gift Annuity** is an agreement between a donor and a charity, the donor transfers

property to a charity in exchange for a promise to pay an annuity to the donor for life.



Most people are surprised to learn that with planning they can enjoy personal income benefits, and at the same time reach individual stewardship goals by giving to the local church.

There are many benefits. A tax deduction is allowed for the difference between the fair market value of the property transferred and the fair market value of the annuity contract. A formula calculates the value of the ultimate gift and provides for an immediate tax deduction. Only a portion of the annuity payments are taxable to the annuitant.

In Brief: How a Charitable Gift Annuity Works

You fund a gift annuity by transferring cash, stock, or real estate to a charity. You name the person(s) who will receive the generous fixed payments. The payout rate depends on the age and number of annuitants (maximum of 2) and is determined at the time the gift annuity is funded. The payments will never change and will continue regardless of how long the annuitant(s) live.

STORY INSIDE: How one couple built a legacy.

Example of a Charitable Gift Annuity

A good option for generating more useable income is a gift annuity. Mrs. Jones annuity is an example of the potential.

Mrs. Jones (age 76) created a \$10,000 gift annuity with the North Indiana United Methodist Foundation naming her local church as remainder beneficiary. The Foundation pays her annuity payments for as long as she lives. The \$10,000 gift annuity guarantees Mrs. Jones annual payments of 7.2%, or \$720.00 a year.

The benefits do not end with the attractive annuity rate. She gets a

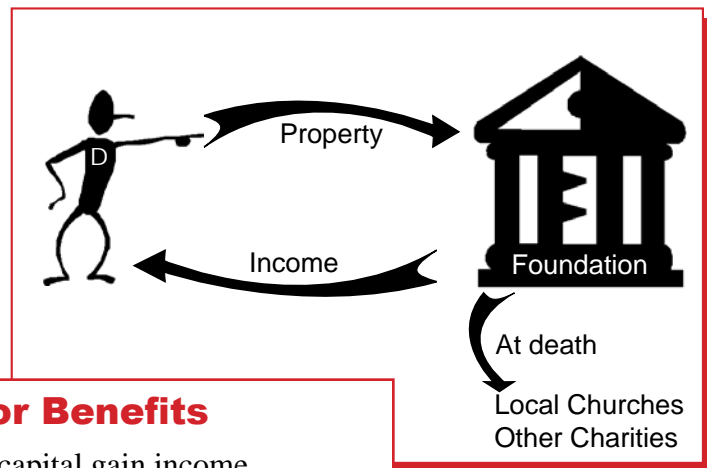
tax deduction of \$4,438, and 65% of her annuity income is tax free. Upon her death, the gift annuity remainder becomes a gift to her church. So the church wins and the donor wins too.

The rates on a single life gift annuity may reach as high as 11.3% and are based on the age of the annuitants.

One or two persons can receive payments from a gift annuity. The payments will continue for as long as either lives.

The Foundation would be happy to discuss your personal circumstances, and explore how a gift annuity could help with the planning of your future.

Because your gift annuity will be used for charitable purposes, you are entitled to an income tax deduction in the year of your gift.



Donor Benefits

- Avoid capital gain income
- Tax deduction
- Income for life, a portion tax free
- Support your favorite charities

Tax Benefits of a Gift Annuity

A portion of your gift annuity will be used for charitable purposes, making you entitled to an income-tax deduction in the year of your gift. In addition, for a period, a portion of each payment may be free of income tax or taxed at capital gains tax rates that are lower than tax rates on other income.

The amount used to fund your gift annuity will also be free of gift and estate taxes. Thus you enjoy income and tax benefits today for a gift that you might otherwise have planned to make in the future through your will or other long-range plans. The tax benefits are the same for one or two person receiving payments.

The amount used to fund your gift annuity will also be free of gift and estate taxes. As a result, you will enjoy income and tax benefits today for a gift that you might otherwise have planned to make in the future through your will or other long-range plans.

Building a Legacy

Bishop Sheldon Duecker has been in ministry for 48 years, with wife Marjorie by his side.

Bishop Duecker had many conversations on Charitable Gift Annuities (CGAs) with Leon Hartman, former Director of the Foundation. The topic of gifts was discussed often at District Superintendents meetings, and as time passed; Bishop Duecker knew this was something that he wanted to do.

In preparation for the future, the Duecker's carefully considered what to do with the land Marjorie had inherited. They knew the farmland that had been in her family for three generations was of great value. The disposition of this land would allow them to *Build a Legacy*.

The Dueckers life has been centered on the UMC, and they personally knew the people at the Foundation. After considering all the alternatives presented by Royce Ruckman, the Foundation Director, they knew they wanted to give to the institutions that had touched their lives. After consulting with their lawyer, accountant, and Royce, they decided to transfer the farm in exchange for a Charitable Gift Annuity. Their CGA has given them financial security for their future and made it possible to establish funds to benefit five charities.

Bishop Duecker knows the benefits of a scholarship. He left the seminary without debt, due to scholarships. So establishing a scholarship at Christian Theological Seminary was a natural progression. He feels that they have always been so supportive of him and they keep him informed of where their gifts have been used.

Africa University is a ministry close to Bishop Duecker's heart. He says, "Africa University is one of the great mission ventures in the lifetime of the United Methodist Church." In his retirement, he has worked with their development office raising funds. The scholarship will support two students per year.

During his years as a bishop, he saw clergy families in need of family counseling, but the funds were not available. The Duecker's gift will make funding available to assist with those needs. The Foundation, Parkview Hospital, and First Wayne UMC will also benefit from this Charitable Gift Annuity.



The Dueckers would like to share how being able to establish a CGA has made them feel. Marjorie says, "I feel this is a way to make a difference." Bishop

Duecker said, "This kind of giving is a way to continue your ministries long after you are gone."

Bishop Duecker says being able to establish these funds has a three-fold benefit:

1. It is a way to give back.
2. It is a way to make a difference in the future.
3. The CGA gives us financial security for the rest of our days.

Bishop and Marjorie Duecker believe you should discuss your gift plans with your family. They raised two children with a heart for giving. The Duecker's children were ecstatic that their parents were establishing these funds. Bishop Duecker believes that once your family understands the plans, they will feel they are also involved in *Building a Legacy*.

Gift Annuities are a thoughtful gift for a loved one and a wonderful gift to the church.

Benefits of a Gift Annuity

Excellent rates, dependable payments, convenience, peace of mind, tax savings and the joy and satisfaction of knowing that your gift will be used in the church, now and in the future.

A charitable gift annuity can make it possible for you to make a charitable gift while helping to meet the long-term financial needs of yourself and/or a loved one.

A **Charitable Gift Annuity** is part gift and part investment. When you make a gift under this plan, a contract is issued which promises you a predetermined benefit, payable each year for the rest of your life. A *Current Gift Annuity* starts paying immediately and a *Deferred Gift Annuity* starts paying at a later date. The gift portion of your annuity is tax deductible and a portion of your annual payment is tax free.

How Do We Get Started with Our Charitable Gift Annuity?

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. If you wish, we can provide administrative services for any endowment you may elect to establish with the remainder of your annuity. This could provide perpetual benefits to the charities you select.

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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.”