

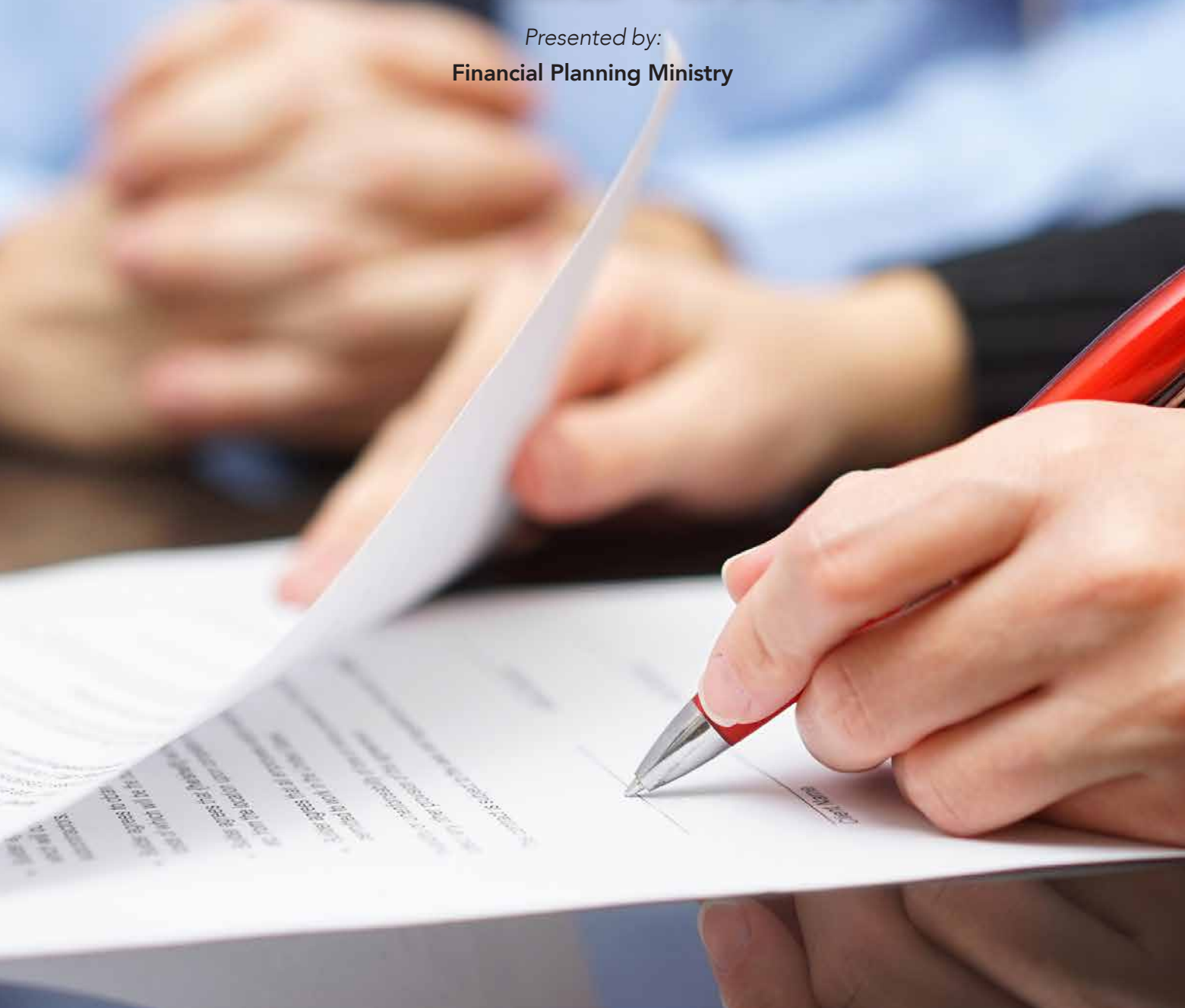
# Church Executive

HELPING LEADERS BECOME BETTER STEWARDS.

## PLANNED GIVING

*Presented by:*

**Financial Planning Ministry**



# So, what exactly *is* planned giving?

By Michael Prior, J.D.

## Giving.

From the earliest days of the Gospel, funding the mission of the Church has been a necessity. It's so vital, even the original 12 required a treasurer.

And for centuries, the faithful have answered the call of contribution through sacrifice or abundance ... from one pocket. This pocket contains our income, our liquidity, our cash. We give from this pocket because it's what's available to us — but, it limits our generosity. This pocket often contains only 10% of our net worth.

There is a **second pocket**. It contains the growing value of our homes, IRAs, 401ks, life insurance — roughly 90% of our remaining estate. However, we don't have easy access to these assets for the better part of our lives.

Imagine if we could give from our 90% pocket? We'd multiply the force of our generosity.

We can ... if we plan ahead.

Stated simply, committing to a future time to give a currently unavailable asset is a *planned gift*. There are a variety of approaches to make these gifts happen, from simple to complex.

The complex approaches include a variety of techniques, such as CRUTS, NIMCRUTS, FLIPCRUTS and LEAD TRUSTS. All require the donor to move certain assets, irrevocably, to these plans.

In special limited situations, these approaches can bring benefits to donors and charities. A combination of attorneys, accountants and trustees are all required to structure, manage and administrate — often generating annual fees. The end goal is a gift delivered to charity.

Fortunately, there is a way to accomplish generous giving *without* these complexities. How simple yet comprehensive can this be?

[ **Corinthians 15:22 – ...everyone dies.** ]

## This is where our 2nd pocket (90%) becomes available for generous giving

Our eventual death is the universal point when these accumulated lifetime assets are collected and prepared to be passed on to our loved ones and charities. And while only a limited portion of us have estate assets that benefit from complex irrevocable plans, 100% of us will have the opportunity to create a simple Will or Trust.



As each of us prepares to pass on, we will (or should) prepare an instruction sheet in the form of a Will or Living Trust. Our instruction will be to collect and liquidate our assets and distribute them to our designated beneficiaries. It is at this point that we can be generous in ways only dreamed of when we were limited to our 10% pocket.

This instruction can be as simple as stating in our distribution: "I leave 10% of my estate to (Name Your Charity)." This designation is known as a bequest. It is one of the most popular and effective ways to gift, with an estimated \$17 billion gifted to charities annually. Are you receiving your share?

Why are gift bequests gaining in popularity? Because the documentation used is fairly simple: a Will or Living Trust. Nothing complex. And, it is so easy to add in a charitable gift designation to a document that we are already preparing for passing on our estate to loved ones.

**The golden era of planned giving through estate planning really began in the 1980s, when the federal tax code called for a **55% tax at death** on each dollar of net estates **exceeding \$600,000.****

## How to promote 2nd pocket generosity

Now that we've identified the 90% pocket and the tremendous opportunity for donors and ministries to benefit from planned giving, how do we introduce this to our communities?

In part 2 of this three-part series, we will explore how to encourage stewardship through planned giving in a way that is both simple and compelling. [CE](#)

**Michael Prior, J.D.**, is president of Irvine, Calif.-based Financial Planning Ministry [ [www.fpm.org](http://www.fpm.org) ], a unique non-profit partnership of ministries dedicated to providing our members with a path to sound biblical stewardship through their estate plans. FPM has 24,000 members, 85 partner charities and \$1 billion in gift designations. Before joining the organization, Prior served as executive pastor at Central Christian Church in Mesa, Ariz.

# Recognizing planned giving as a ministry

By Michael Prior, J.D.

In recent years, the church has embraced several budgeting and debt retirement studies. Essentially, good stewardship practices tell us not spend more than we make.

Debt is a problem we can see right now. And with a little guidance and discipline, we can be liberated from it.

The problems we face without an estate plan in place are not so obvious — but they're very real.

## *60 - 30 - 10 and the probate system*

Estimates are that 60% of us die with no will, virtually guaranteeing the probate court will be sorting out our affairs.

Another 30% have a will in place, but it's likely outdated. So, these are still heading to probate unless our estate value stays under the probate threshold for your state.

Do you know the dollar value that triggers probate in your state? Add up the value of your home, savings and investments — all probate assets. If their combined total doesn't exceed \$75,000 in Florida, \$50,000 in Texas, \$15,000 in Michigan, and so on, your heirs can implement a simplified procedure to take possession of your assets. If you exceed these levels, a full probate is most likely in your loved ones' future. (To see the specific probate threshold for your state, you can find a chart at [fpm.org/probate](http://fpm.org/probate).)

## *Why avoid probate?*

- It's costly — ranging from 2% to 8% or more of estate value in total fees.
- It's lengthy — ranging from 9 months to 2 years or more while family waits.
- It's public. Probate records are open to the public; inheritances often revealed.

Add up your total estate value and apply a mid-level 5% cost from probate fees, and you'll be unpleasantly surprised! A \$700,000 estate could average \$35,000 in total costs.

This is where the lack of simple planning becomes a stewardship issue. Can you think of ways those dollars could better reflect your values than funding the court system?

If so, there's some good news ...

## *Probate is optional*

By choosing a revocable trust rather than a basic will, your estate can be passed on to loved ones without the probate court's involvement. Often an adult son, daughter or a corporate trustee is named by you to distribute your trust to your loved ones and charities, quickly and quietly. No court, no court fees, and your information remains private — unavailable to the public.



## **Estate planning as a ministry of stewardship**

Young parents benefit from knowing that they have a plan in place which names guardians of their own choosing to raise their minor children in the event of tragic, unexpected circumstances. These days, we know that can occur from something as innocent as a visiting a movie theater or public event.

Older individuals benefit from knowing that, in case of some future incapacity, persons they have designated can step in on their behalf and manage assets for them without court involvement.

All persons are able to provide instructions — through advance health care directives — that give instructions on specific wishes for care in case of permanent incapacity.

They also know they have a plan in place that will ensure the most efficient, cost-effective way to pass on their estate to loved ones with privacy, and that the cost savings from avoiding probate can be redirected to ministries they care about. **CE**

**Michael Prior, J.D.**, is president of Irvine, Calif.-based Financial Planning Ministry [[www.fpm.org](http://www.fpm.org)]. FPM was formed 30 years ago as a nonprofit to serve the church and its members with education in an important, but often unrecognized, area of stewardship: biblical estate planning. FPM offers free, 90-minute seminars hosted by partner church ministries to explain (in plain English) how wills and trusts work; the detrimental effects of probate; and a path / plan forward. To date, the group has served more than 24,000 families; no investments have been sold, and no monies have exchanged hands. Before joining the organization, Prior served as executive pastor at Central Christian Church in Mesa, Ariz.

# Delivering planned giving results

By Michael Prior, J.D.

In our first two installments, this series discussed: *So, what exactly is planned giving?* and *Recognizing planned giving as a ministry.*

Now, we'll examine how a proactive planned giving stewardship program can deliver impressive, real-world results.



## Education, documentation, follow-up

Driving great results with any planned giving stewardship program begins with teaching church members why it's so crucial to have a plan in place that represents their own and their families' goals. It's critical that members document important preferences — for emergency medical issues, child guardianship, protections for special needs children, and establishing who has the authority to take control for them in case of incapacity.

No matter how great or modest our assets might be, we must document the path to pass them on to our loved ones and to charities, to avoid the pitfalls of probate.

Providing this information to church members in a plain-spoken, uncomplicated 90-minute seminar has proven incredibly effective. Members are shown options and resources to complete the necessary documents, including local professionals, form services, or a no-cost, non-profit option available through our own organization, Financial Planning Ministry.

Follow-up is also key. An estate plan written — but never signed or funded — has no effect. The person's wishes will be ignored and settled by the court. The intended gift to your ministry will not arrive.

As such, an effective planned giving program *must* include member follow-up, including record of a signing date of the final documents. Again, our organization can guide and secure that.

## Real-world results

Our approach to a proactive planned giving stewardship program involves the development of a non-profit partnership of ministries in a shared-cost model, with no cost passed to church members — which church members have, of course, told us they appreciate. Instead, church members are encouraged to include a charitable gift from their final estate distribution to ministries they select.

Here's a snapshot gathered among five of our church partners: Saddleback Church in Lake Forest, Calif; Southeast Christian Church in Louisville, Ky.; Christ Fellowship Church in West Palm Gardens, Fla.; Central Christian Church in Mesa, Ariz.; and Gateway Church in Southlake, Texas.

Total families participating among these five churches:	<b>3,800</b>
Gift designations with signatures and funding verified:	<b>\$220 million</b>
Estimated probate costs avoided:	<b>\$122.5 million</b>
Average gift designation per family:	<b>\$57,000</b>

**Christ Fellowship Church:** Our team has completed several seminars at Christ Fellowship. Attendees have absolutely raved about the planned giving stewardship program — as a ministry, with regards to member care and, of course, the results achieved.

**Southeast Christian Church:** Leaders at Southeast Christian Church tell us that many of their members are benefitting from an invaluable estate planning service. This, they say, is helping these individuals and families leave a legacy that honors God and advances His Kingdom.

**Central Christian Church:** The planned giving stewardship program at Central Christian Church has been in place for 25 years. Leaders tell us it has been one of the most effective ministries they've offered their people, overall.

**“An estate plan written — but never signed or funded — has no effect. The person's wishes will be ignored and settled by the court. The intended gift to your ministry will not arrive.”**

## Getting started with planned giving

As a ministry, planned giving is growing in the consciousness of church leaders, and for good reason. When a pastor realizes the personal importance of these life-planning documents, the future-gift income stream actually becomes a secondary priority.

To get planned giving going at your own church:

- 1) Determine who on your team will “own” and promote the program.
- 2) Secure commitment from the leadership team. (Planned giving is a long-term proposition. It needs to be part of the ongoing fabric of your Stewardship - Generosity - Legacy programming.)
- 3) Commit the necessary budget and promotional assets to achieve long-term success.
- 4) Lead by example. Put your own estate plan in place. (Here again, our team can do this for you.)
- 5) Be prepared for your own “Field of Dreams” experience: If you build it, they will come. **CE**

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