

Arlington Hills
United Methodist Church
Permanent Endowment Fund

**How You Can
Create a Legacy**

May 22, 2011

Your Choice of Seven Subfunds

Permanent Church Fund

Second Century Permanent Mission Fund

Permanent Music Fund

Permanent Youth Fund

Permanent Children Fund

General Capital Improvements Fund

General Church Fund

This Year's Fruits of Members' Prior Generosity

- ❖ \$6,000 spendable from Permanent Music Fund
- ❖ \$4,700 spendable from Second Century Permanent Mission Fund
- ❖ \$1,800 spendable from Permanent Youth Fund

This is all income – principal cannot be invaded in any of these three funds

Balances by Fund as of March 31, 2011

Permanent Music Fund	\$89,000
Permanent Mission Fund	\$33,200
Permanent Youth Fund	\$30,500
Permanent Children Fund	
Permanent Church Fund	
General Cap. Imp. Fund	
General Church Fund	\$200
Total PEF	\$152,900
Parsonage Sale Proceeds	\$35,000

Ways to Create a Legacy

Check to specific fund

Gift of stock or bonds

Gift of real property

Life insurance policy

Charitable remainder trust

Bequest in will

Charitable lead trust

Gift annuity

Donor advised fund or managed account

Why Create a Legacy?

Express your faith

Strengthen AHUMC's ministry

Benefit your heirs by example, not just
money

Reduce your income taxes

If wealthy, reduce your estate taxes

Matthew 6:19

*“Do not lay up for yourselves treasures on
earth ...*

*but lay up for yourselves treasures in
heaven ...*

*For where your treasure is, there will your
heart
be also.”*

Regular Small Gifts & One Time Large Gifts

Regular Small Gifts:

Enclose a check in offering envelope and check the box of the fund you want to benefit

One Time Large Gifts

During life time: Satisfaction of seeing it happen
Example: Pete and Mary McVay

Upon death: Don't put off decision making; you may well wait until its too late

Current Opportunity for Small or Large Gifts to General Church Fund

- ❖ Congregational Ministry Plan + need to replace Lori Nielsen's part time pastor efforts = major opportunity for AHUMC
- ❖ Goal: Full time staff person(s) to supplement Chip Nielsen's pastoral leadership and help AHUMC reach a different demographic that will enable AHUMC to grow and do better at practicing John Wesley's admonition
- ❖ Short term need, as growth helps long term
- ❖ Reduced fringe benefit costs due to Lori and Chip both having pastorates will help fund

John Wesley's Admonition

*“Do all the good you can, by all the
means you can,
In all the ways you can, in all the places
you can,
At all the times you can, to all the
people you can,
As long as ever you can.”*

AHUMC's Opportunity

- Doing more good is what Christ and John Wesley call us to do and can help us grow
- Our community is full of need, including hunger and homelessness, and poverty-related problems are likely to increase
- We need more staff to become greatly more effective at meeting those needs
- Creating an alternative worship experience can appeal to more younger people, helping us do more good and grow
- We need more staff to appeal to more young people through alternative worship and music

How to Realize Our Opportunity

- In the next few months, explore the possibilities
- Decide on the best course of action
- Seek special funding to implement and fund it for at least two years with hope that growth will fund it thereafter
- The likely availability of funding will be one of the factors in deciding on the best course
- If you are able and interested in helping bring this opportunity to fruition, consider
 - Giving regularly beyond your usual level to the General Church Fund
 - A major gift to the General or Permanent Church Fund

Ways to Give to the AHUMC Endowment Fund

- ❖ Cash – write a check
- ❖ Securities
- ❖ Real property
- ❖ Life insurance
- ❖ Charitable remainder trust
- ❖ Bequest in your will – your executor writes a check
- ❖ Charitable lead trust

Gifts of Cash

- Anyone can do this: just write a check
- Can do in regular, or occasional, small amounts, or a one time big amount
- Income tax deduction for full amount
- Limited to 50% of FAGI
- Carryover for up to five years

Gifts of Securities

Income tax deduction for full value

No capital gains tax

Up to 30% of FAGI for appreciated securities

Five year carryover of excess

Gifts of Real Property

- If give outright, can deduct full value, up to 30% of FAGI, avoiding capital gains tax on appreciation
- If want to use for rest of your life, can retain a life estate, so PEF gets property upon death. Get a charitable deduction now for discounted present value of remainder interest.
- Five year carryover
- Consider for houses, cabins, farm land

Life Insurance

- You own policy
 - ✓ You control cash value
 - ✓ You can change beneficiary
 - ✓ You cannot deduct premium
- AHUMC owns policy
 - ✓ You do not control cash value
 - ✓ You cannot change beneficiary
 - ✓ You can deduct premium

Charitable Remainder Trust

Establish trust and fund with cash or stock

Trust can sell stock without tax

You or your designee(s) get distributions for life,
joint lives or up to 20 years

AHUMC gets the remainder at end

You get an immediate income tax deduction,
income for life, joint lives or 20 years, and estate
tax deduction

Include a Bequest in Your Will

Everyone needs to have a will

Will can provide specific bequest of either a specific dollar amount or a percentage of assets to
AHUMC

Specify either the Permanent Endowment Fund or the specific sub-fund of the Endowment Fund, e.g., the Permanent Church Fund of the AHUMC
Permanent Endowment Fund

If married, often only if you survive spouse

Impacts of Bequest

- On your taxes
 - ✓ No income tax deduction
 - ✓ Estate tax deduction
- On your family
 - ✓ Reduction in dollars others receive
 - ✓ But they receive the benefit of your example
- On the church
 - ✓ Increase the fund you specify in your will
 - ✓ If just specify AHUMC Endowment Fund, PEFC decides which of the funds benefits
 - ✓ If just specify AHUMC, Board of Trustees decides whether to let PEFC put into Endowment Fund

Charitable Lead Trust

AHUMC gets stream of income for period of years
or someone's life

Remainder goes to family member(s)

Can be done in will or during life

Endowment Fund Is for All Members

The funds of the Endowment Fund are permanent places for gifts for long term support of AHUMC

Members can give any amount at any time

Small or large, each gift helps

Annually, when time seems right, rarely, once in a lifetime, or upon death

Funds grow over time, with each gift helping sustain AHUMC's ministry

Your Permanent Endowment Fund Committee

John James, Chair

Greg LaRock

Bert Nienaber

Linda Oberg

Len Rice

What the PEFC Does

Monitor investments through MN UMF

Set distribution policies

Encourage giving to the PEF

Want More Information? Brochures Available

- ❖ Why You Need a Thoughtful Will
- ❖ Five Steps to a Successful Will Plan
- ❖ Protecting Against Estate Shrinkage
- ❖ Trusts in Your Financial Planning
- ❖ Planning for Life's Uncertainties
- ❖ Practical Estate Planning Opportunities
- ❖ Techniques for Planning a Successful Will
- ❖ Personal Affairs Record
- ❖ Tax and Financial Planning Techniques
- ❖ Planned Giving Opportunities

Next Steps...

If you want to create a legacy and it involves more than a gift now, contact your lawyer or other professional advisor

Contact church office or John James if you want other brochures on wills, estate planning and gifts to the church or other charities

If you want to discuss possibilities confidentially without any cost or obligation, call John James, 651-482-9763