

PRACTICAL ASPECTS OF STEWARDSHIP



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GOD IS THE OWNER OF ALL (Psalm 24:1) . . .

thus the stewardship trust . . .

- Grantor = God
- Trustee = Each of us as a faithful steward
- Corpus = Property, people, etc. in our care
- Contract = God's sovereign plan, informed by our passions
- Term = Our life on earth
- Beneficiary = God?

Thought: We know God is the grantor. But every trust also has a beneficiary. Do we really treat God as both the owner and the beneficiary of the trusts we “manage”? As trustees, we have a fiduciary obligation to Him.

Thought: Is it really a trust? God is sovereign, so isn't He also the trustee and the One who sets the terms and writes the contract?

Where our property can go during our lives

- (1) For ourselves – our needs and wants
- (2) To our dependents – their needs and wants, our gifts to them
- (3) To other people – their needs and wants, our gifts to them
- (4) Savings, investment, capital spending
- (5) Church and other ministries
- (6) Other charities
- (7) Taxes
- (8) Waste

Where our property can go at our death

- Dependents
- Other people
- Church and other ministries
- Other charities
- Taxes

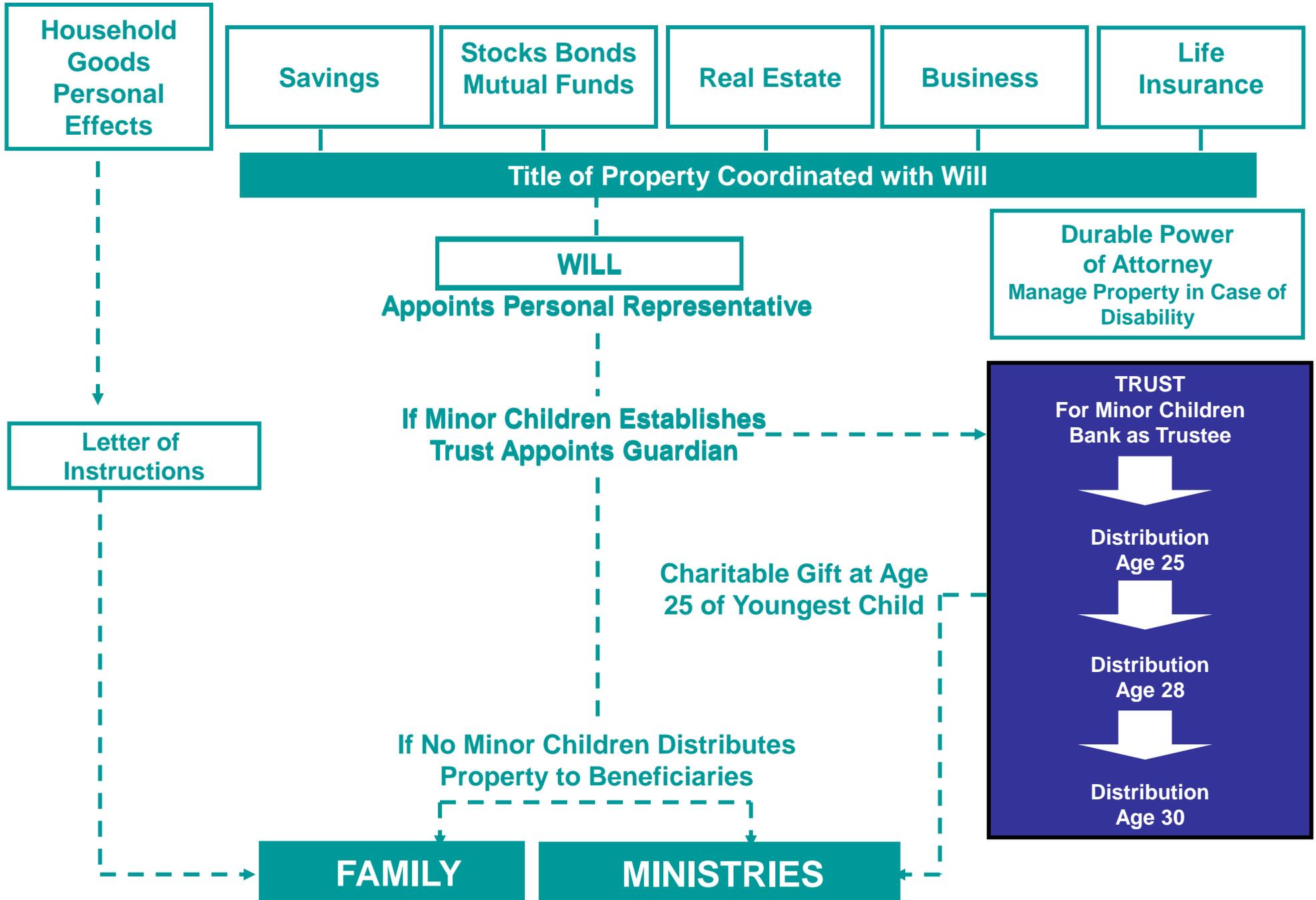
Vehicles for Distribution Upon Our Passing

- (1) Will
- (2) Revocable living trust and pour over will
- (3) Operation of law (by title or beneficiary arrangement)
 - Home owned jointly with spouse
 - Life insurance beneficiary designation
 - IRA/401(k) beneficiary designation

Why have a will?

- (1) Make a statement of your Christian faith or testimony
 - (2) Revoke any previous will
 - (3) Provide for payment of debts, expenses and taxes
 - (4) Declare your wishes for your funeral
 - (5) Provide for disposition of your personal property
 - (6) State your desires for fixed and remainder distributions
 - Who, what, when and how?
 - People, charity, timing of distributions, amount (\$ or %), trust or not
- Appoint personal representative(s) and establish their powers
 - Who you leave in charge to make sure your wishes are carried out
- (1) Provide for guardianship of children or other dependents
 - (2) Establish trusts and their terms, appoint trustees, and establish trustee powers

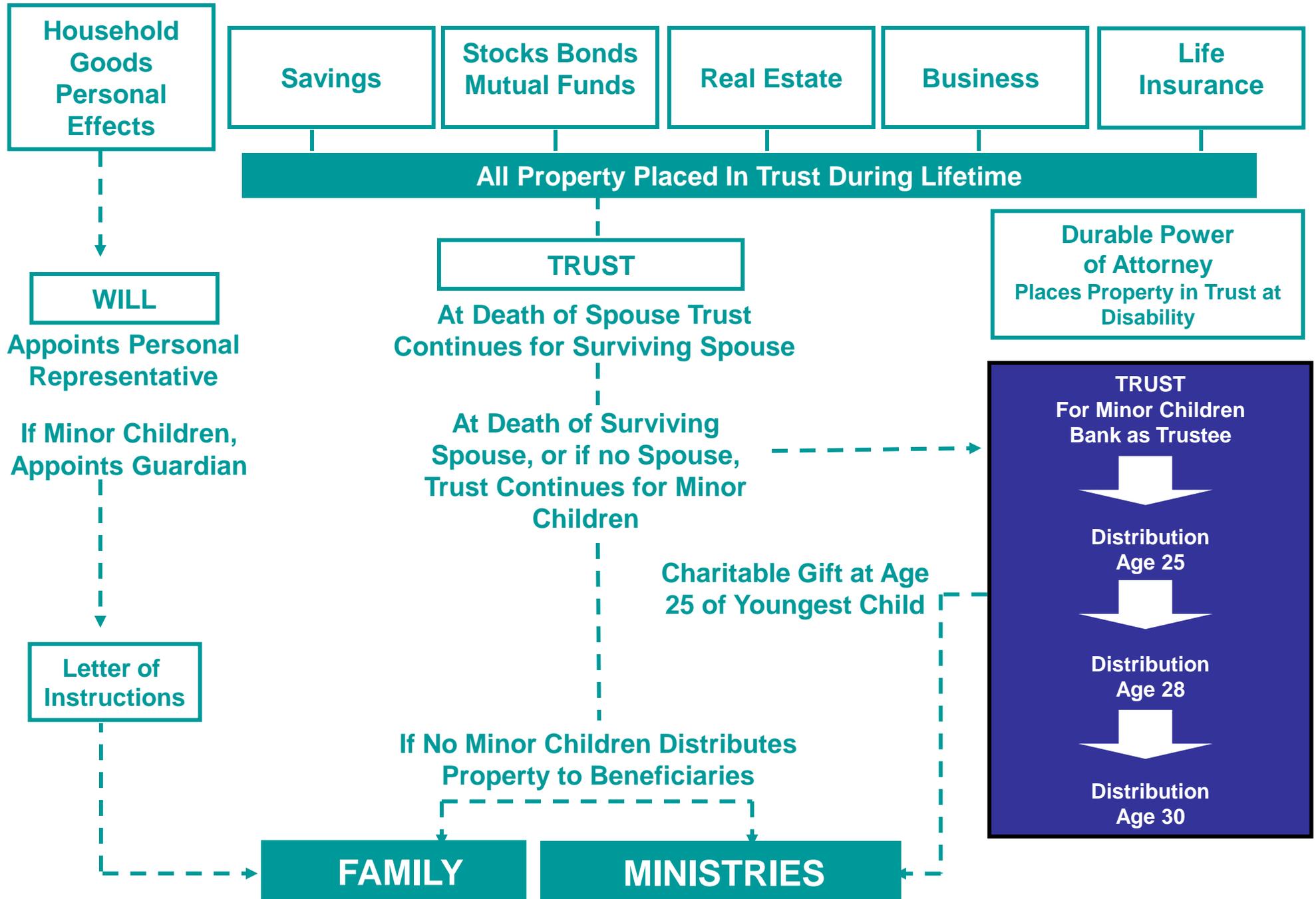
The Basic Estate Plan



Possible Advantages of a Revocable Living Trust

- (1) Certainty
- (2) Simplicity of will and probate
- (3) Reduce probate expense
- (4) Confidentiality
- (5) Mental and physical disability
- (6) Unified administration of life insurance
- (7) Estate liquidity
- (8) Changing conditions
- (9) Mobility
- (10) Ancillary estate administration

The Basic Estate Plan With Trust



Other important documents

- (1) Durable power of attorney for property management
- (2) Durable power of attorney for health care
- (3) Declaration of desire for natural death (also called a living will or directive to physicians)
- (4) Letter of instructions for:
 - Household goods and personal effects
 - Funeral arrangement

Things to Consider When Choosing Guardians for Minor Children

- (1) Christian world and life view
- (2) Parenting skills
- (3) Views on education
- (4) Number of children
- (5) Role of grandparents
- (6) Location
- (7) Other?

Trusts for Minor Children

- (1) Property in trust is available for the child's "medical care, education, support and maintenance" or some other standard
- (2) Postpone distribution
 - Until the child reaches a certain age: 18? 25? Provide for one third distribution at each of 25, 35 and 45?
 - Until the youngest child reaches a certain age without disability
- (3) Provide equal distribution
- (4) Place property under third party control
- (5) Incompetency provisions

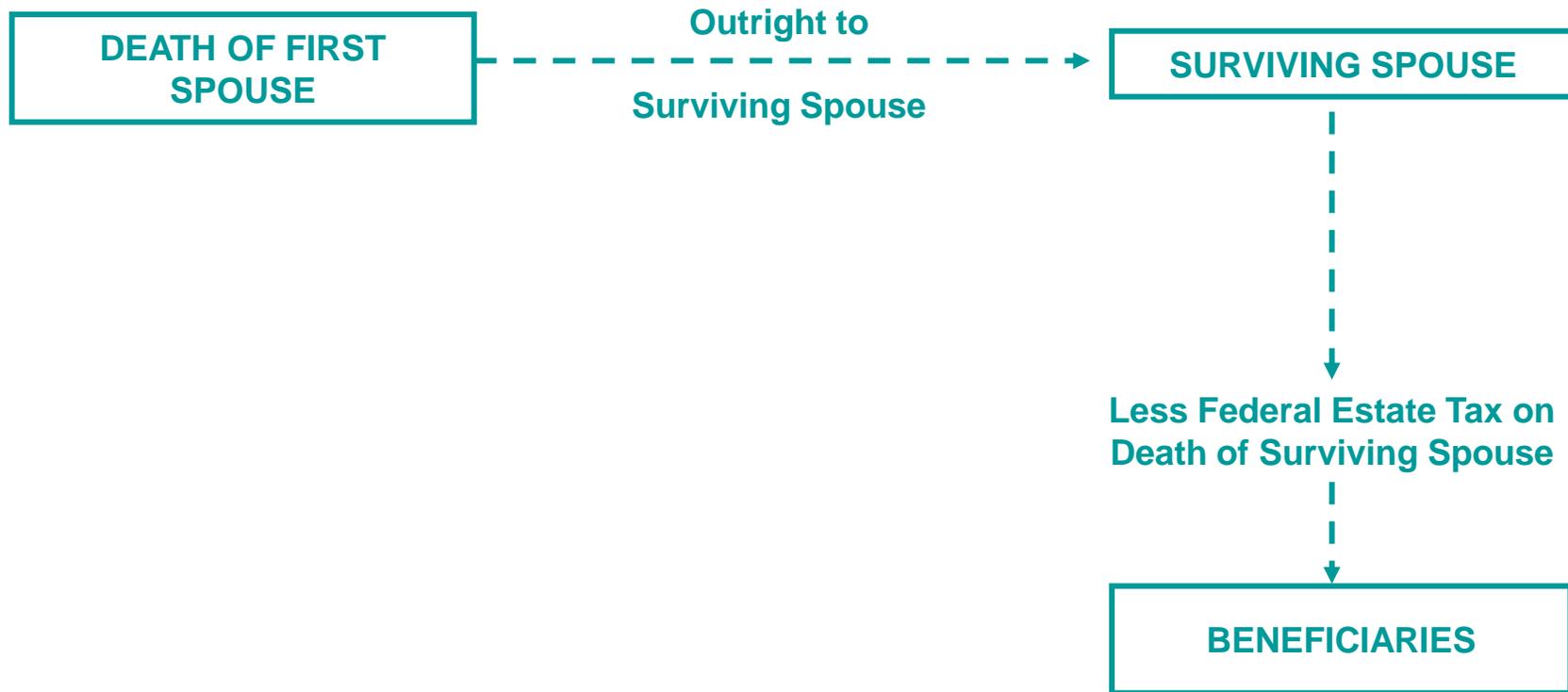
Estate and Gift Tax Basics

- (1) Gifts are generally subject to very high tax rates* except . . .
 - Gifts of up to \$12,000 per year per individual
 - Gifts to spouse
 - Direct payments of medical expenses and tuition
 - Lifetime exemption of \$1,000,000 per giver
 - Other
- (2) Estates are generally subject to very high tax rates* except . . .
 - Transfer to spouse
 - Lifetime exemption (reduced by any “use” of the \$1mm gift exemption) of \$2,000,000 if you die in 2008, \$3,500,000 if you die in 2009 and \$1,000,000 if you die in 2011 or later.**
 - Property no longer in the estate because of a testamentary gift to charity

* Maximum federal tax rate is 45% in 2008 and 2009 and 55% in 2011.

** There is no estate tax on the estate of someone who dies in 2010 (and thus no need for a lifetime exemption amount).

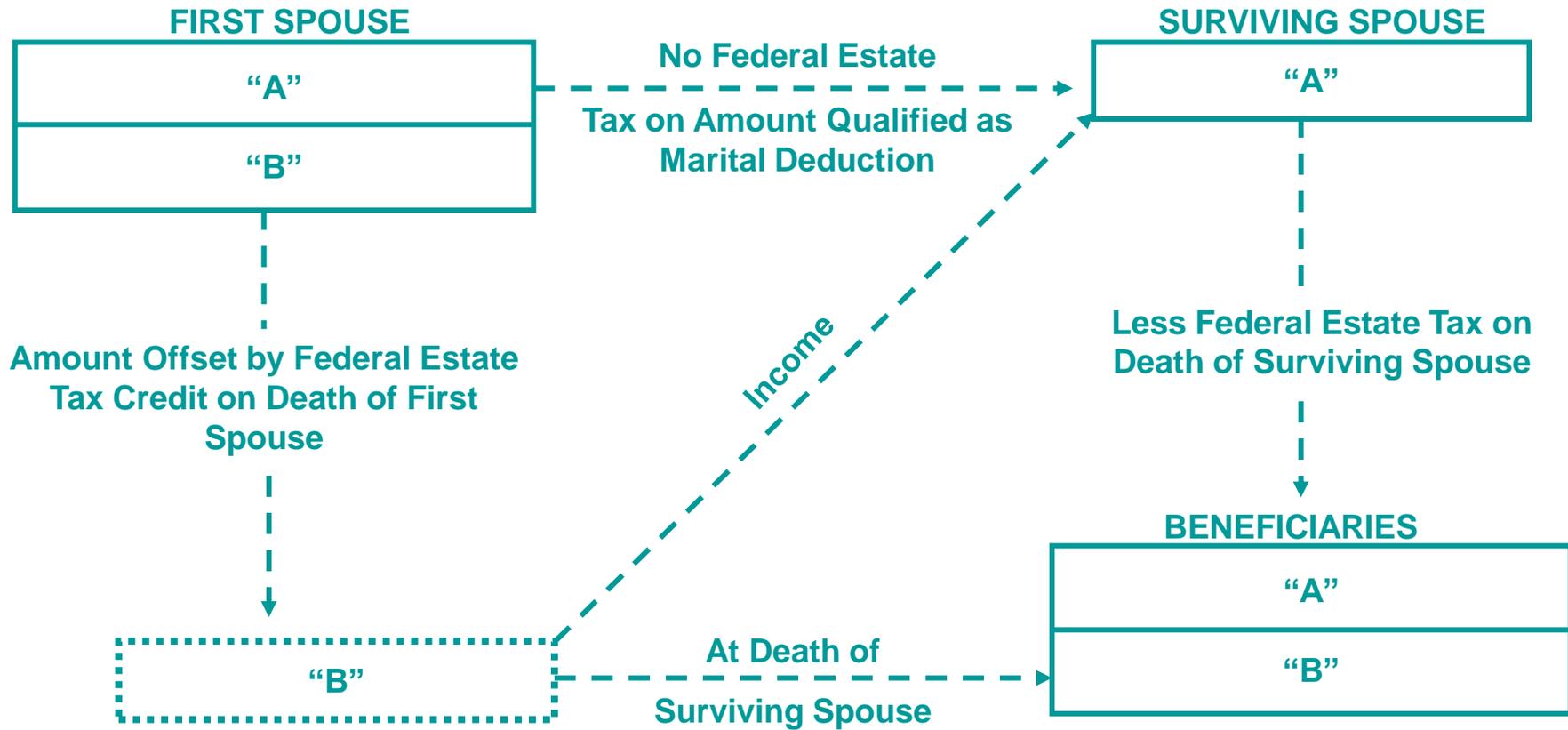
Using a Trust To Use Both Spouses' Estate Tax Exemption



TAX DUE	\$1,700,800
LESS CREDIT	780,800
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TAX PAYABLE	\$920,000

\$4,000,000 Estate with
NO Tax Planning

Using a Trust To Use Both Spouses' Estate Tax Exemption



TAX DUE \$780,800
LESS CREDIT 780,800

TAX PAYABLE 0

TAX SAVINGS \$920,000

\$4,000,000 Estate with
Basic Tax Planning

Taxes and Giving

- (1) Some property has a “built-in” income tax liability because of:
 - Unrealized capital gains – e.g., appreciated stock or real estate
 - Earnings not yet taxed – e.g., IRA or 401(k)
- (2) In some cases, property may cause estate tax after death
- (3) Giving some or all of the “tax-encumbered” property to charity may reduce taxes by:
 - Moving the built-in income tax liability over to the “tax-free” charitable environment and thus eliminating or reducing the tax
 - Creating a charitable deduction to offset taxable income
 - Lowering the estate tax value of the estate
- (4) Timing matters
 - A gift in one tax year might save more taxes than a gift in another year
 - Property value changes – now may be better than later, or vice versa
 - General rule: Give property before selling or committing to sell.**

Christian ministries vs. Other charities?

- (1) Due diligence is important. Know who you are giving to.
- (2) In any organization, whether Christian or not, there will always be a number of “filters” between your gift and the people or cause you want to benefit from your gift:

The organization’s vision and purpose – Do you understand it? Is it in line with your desires?

Leadership and staff – Competency? Character?
Consistency?

Efficiency and effectiveness – Is the organization itself a good steward? This may be more than just a %. Smaller organizations may have less economies of scale but more energy and passion.

- (3) Develop your own criteria.

What gifts can be made to ministry?

- Cash
- Publicly traded stock or other securities (often appreciated in value)
- Real estate (often appreciated in value)
 - Home or vacation home
 - “Family farm” or other appreciated property
 - Rental property or other income-producing property
- Business interests
- Life insurance
- IRA or 401(k) retirement plan

How can gifts be made to ministry?

Directly to ministry

Through a private foundation

Through a community foundation – e.g., Foundation for the Carolinas

Through a Christian foundation – e.g., Westminster Ministries Foundation, National Christian Foundation

Using a donor advised fund

Using a charitable trusts

- Charitable remainder trust
- Charitable lead trust

When can gifts be made to ministry?

During your lifetime . . .

. . . as a current gift – e.g., tithe, building fund, annual fund, year-end giving, etc.

. . . as a deferred gift – e.g., a gift that is not completed or received by ministry until a period of time passes or some event happens

At your death . . .

. . . as a deferred gift – e.g., you designate ministry as beneficiary of your IRA or life insurance policy upon your death

At the second death of you and your spouse . . .

. . . as a deferred gift – e.g., you designate ministry as beneficiary of your IRA but only after both you and your spouse have passed away

Is your house in order?

For today . . . “For I know the plans I have for you,’ declares the LORD, ‘plans to prosper you and not to harm you, plans to give you hope and a future.” Jeremiah 29:11

And for tomorrow . . . “In those days Hezekiah became ill and was at the point of death. The prophet Isaiah son of Amoz went to him and said, ‘This is what the LORD says: Put your house in order, because you are going to die; you will not recover.’” Isaiah 38:1

And when tomorrow comes, will you hear . . . “Well done good and faithful servant. . . . Enter into the joy of the master.” Matthew 25:21



A ministry of stewardship

We seek to build God's Kingdom by helping believers as they consider and carry out the particular plan of stewardship that they believe God has set out for them. The Foundation offers assistance with estate design, gift planning and other areas of stewardship planning.

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Notes:
