

# Practical And Spiritual Aspects Of Estate Design

*How To Find God's Plan Of Stewardship For Your  
Estate While Reducing Taxes And Costs*

Seminar Presented By  
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Spiritual Before Mechanical

# 5 Elements Of A Trust

- A grantor
- Corpus
- A trustee
- Terms
  - Life of trust
  - Distribution of trust
- Contract

# Grantor

*"The earth is the Lord's and  
everything in it, the world, and  
all who live in it..."*

Psalm 24:1

# Corpus

*You may say to yourself, "My power and the strength of my hands have produced this wealth for me." But remember the Lord your God, for it is He who gives you the ability to produce wealth.*

**Deuteronomy 8:17-18**

# Trustee

*So then, men ought to regard us as servants of Christ and as those entrusted with the secret things of God. Now it is required that those who have been given a trust must prove faithful.*

I Corinthians 4: 1-2

# Terms

*So if you have not been  
trustworthy in handling worldly  
wealth, who will trust you with  
true riches?*

Luke 16:11

# Contract

*"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

# A House In Order

*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

# The Estate Design Process

- First time
- Review
- Second opinion

# Five Biblical Principles Related To Estate Transfer

- God is the owner of all. Psalms 24:1
- The priority of all estate transfer is dependency.  
1 Timothy 5:8
- The motivation for all estate transfer must be love.  
John 3:16; 1 Corinthians 13:3
- People are always more important than dollars.  
Luke 15:11
- It is required of a servant that he be found faithful.  
Matthew 25:14-30; 1 Corinthians 4:2

# The Distribution Of Your Stewardship Trust

## **For your family:**

1. What is inheritance?
2. Consider interpersonal relationships –  
*"people are more important than dollars"*
  - a. Personal representative and trustee
  - b. Letter of instructions for household goods and personal effects
3. Financial distribution
  - a. How much?
  - b. When?

# The Distribution Of Your Stewardship Trust

## **For your ministries:**

1. The tithe
2. A child of charity
3. A percentage
4. Give it away twice
5. Turning taxes into treasure

# Distribution Vehicles

- Will
- Living trust and will
- Operation of law (by title, beneficiary arrangement)

# Why Have A Will

1. Christian testimony
2. Revoke previous will
3. Payment of debts and expenses
4. Payment of taxes
5. Disposition of personal property
6. Fixed distributions
7. Remainder distributions
8. Personal representative
9. Powers
10. Guardianship
11. Establish trust
12. Name trustee
13. Waive bond

# Other Estate Planning Documents

- Durable power of attorney
  - Property management
  - Health care decisions
- Directive to physicians (living will)
- Letter of instructions for
  - Household goods
  - Personal effects
  - Church and funeral plans

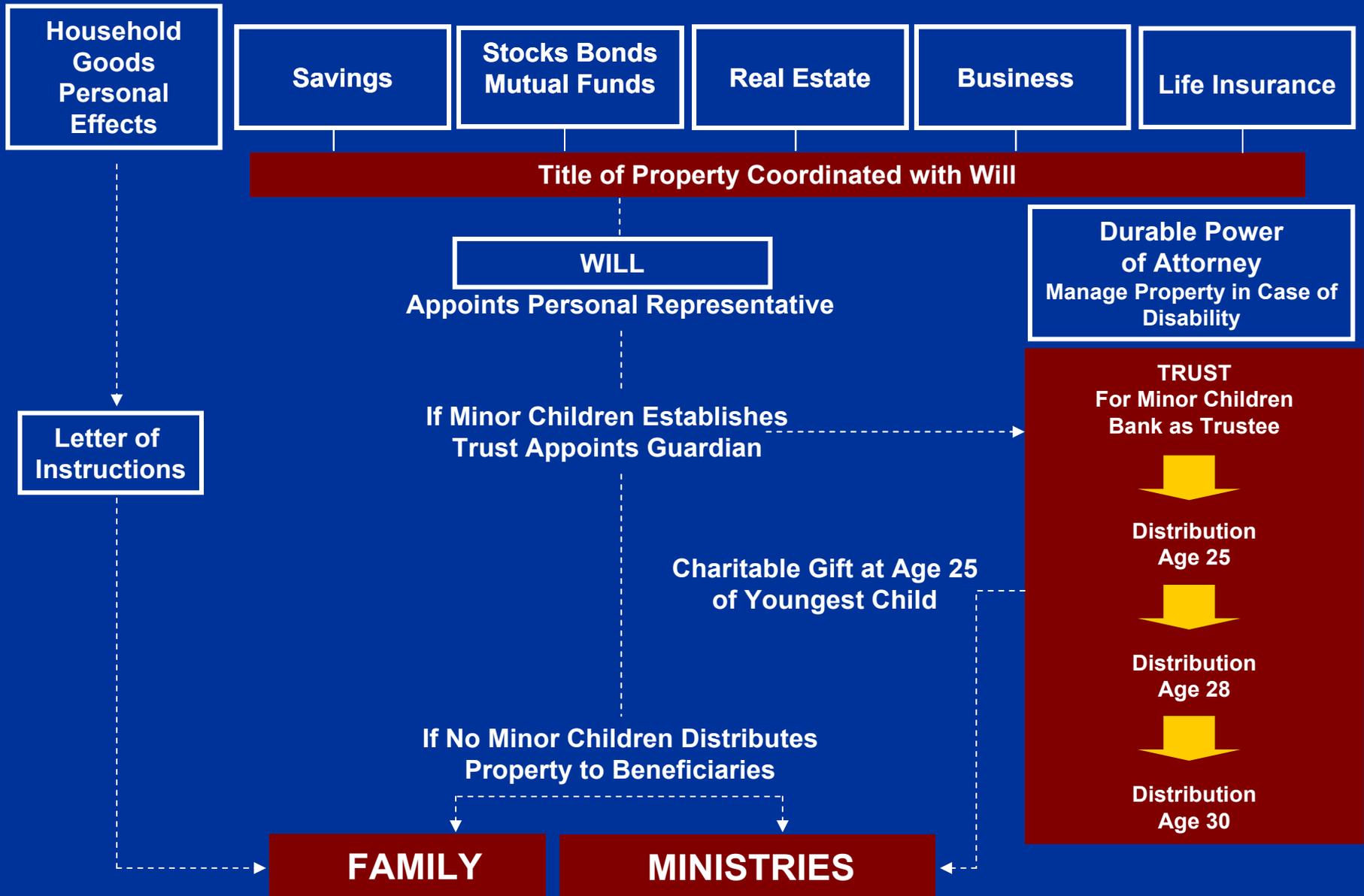
# Guidelines For Choosing Guardians For Minor Children

- Christian world and life view
- Parenting skills
- Views on education
- Number of children
- Role of grandparents

# Trusts For Minor Children

- Postpone distribution
- Provide equal distribution
- Place property under third party control
- Incompetency provisions

# The Basic Estate Plan



# Advantages Of The 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



# Basic Estate And Gift Tax Rules

- \$12,000 per year per individual, during lifetime
- Unlimited marital deduction
- Unlimited charitable deduction
- Remainder taxable
- Tax credit offsets up to \$2 million of estate value in 2007 (if not used during lifetime)
- Tax rate begins at 41% and increases to 45%
- Estate tax credit increases until tax is eliminated in 2010 (reinstated in 2011)

# Basic Estate Taxation

<u>Year</u>	<u>Exclusion</u>	<u>Tax Rate</u>
2007	\$2 million	45%
2008	\$2 million	45%
2009	\$3.5 million	45%
2010	Tax repealed	0
2011	\$1 million	55%

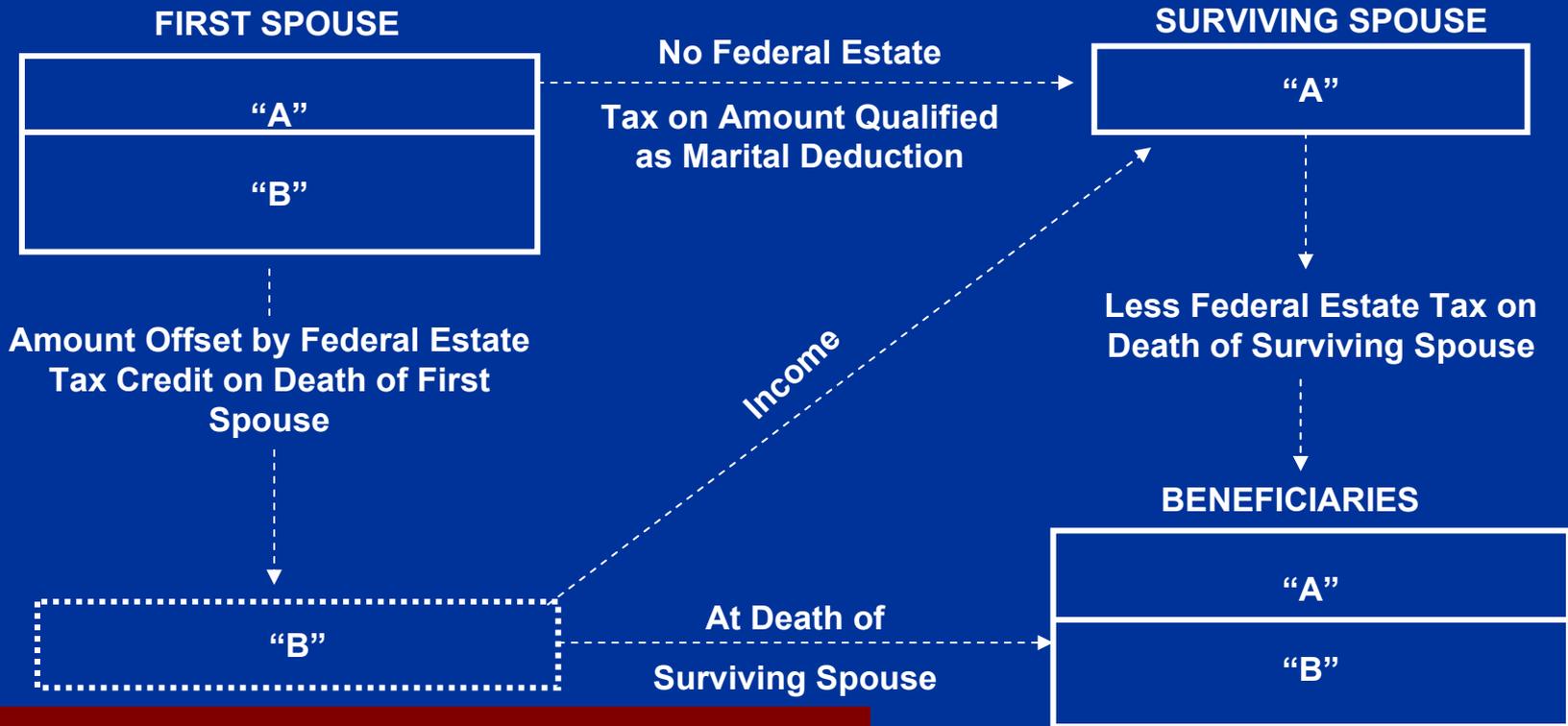
# Use Of Trust For Basic Estate Tax Planning



TAX DUE	\$1,680,800
LESS CREDIT	780,800
<hr/>	
TAX PAYABLE	\$900,000

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

# Use Of Trust For Basic Estate Tax Planning



<b>TAX DUE</b>	<b>\$780,800</b>
<b>LESS CREDIT</b>	<b>780,800</b>
<b>TAX PAYABLE</b>	<b>0</b>
<b>TAX SAVINGS</b>	<b>\$900,000</b>

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

# Turning Taxes Into Treasure

# The Parable Of The Apple Orchard

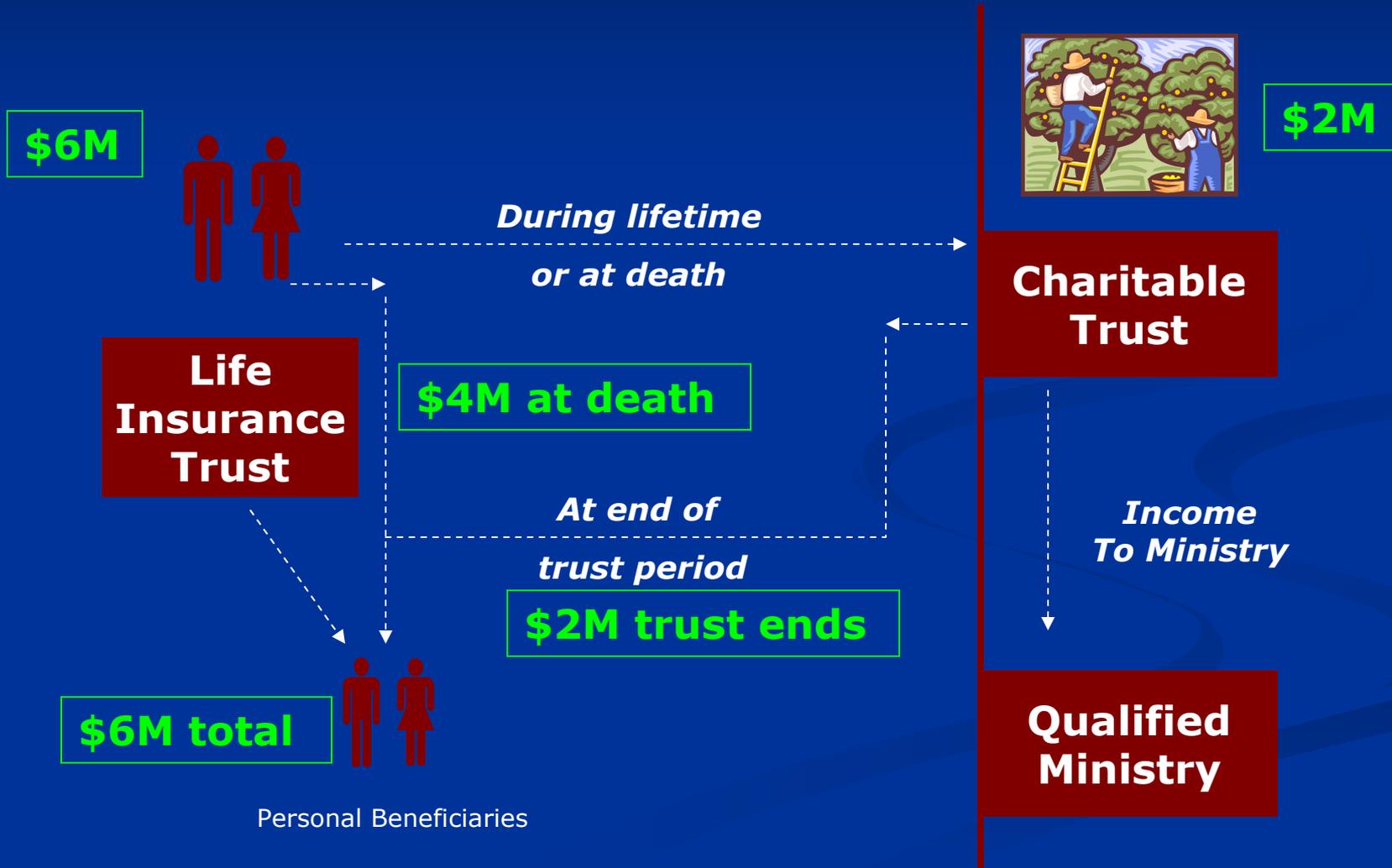


- Man Caring for God's Property — **Stewardship**
- Kings & Judges — **Government**
- First Collection of Apples — **Income Tax**
- Government that Forgot God — **Caesar**
- First Tree Cutting — **Capital Gains Tax**
- Second Tree Cutting — **Estate Tax**
- Fence Around Orchard — **Stewardship**

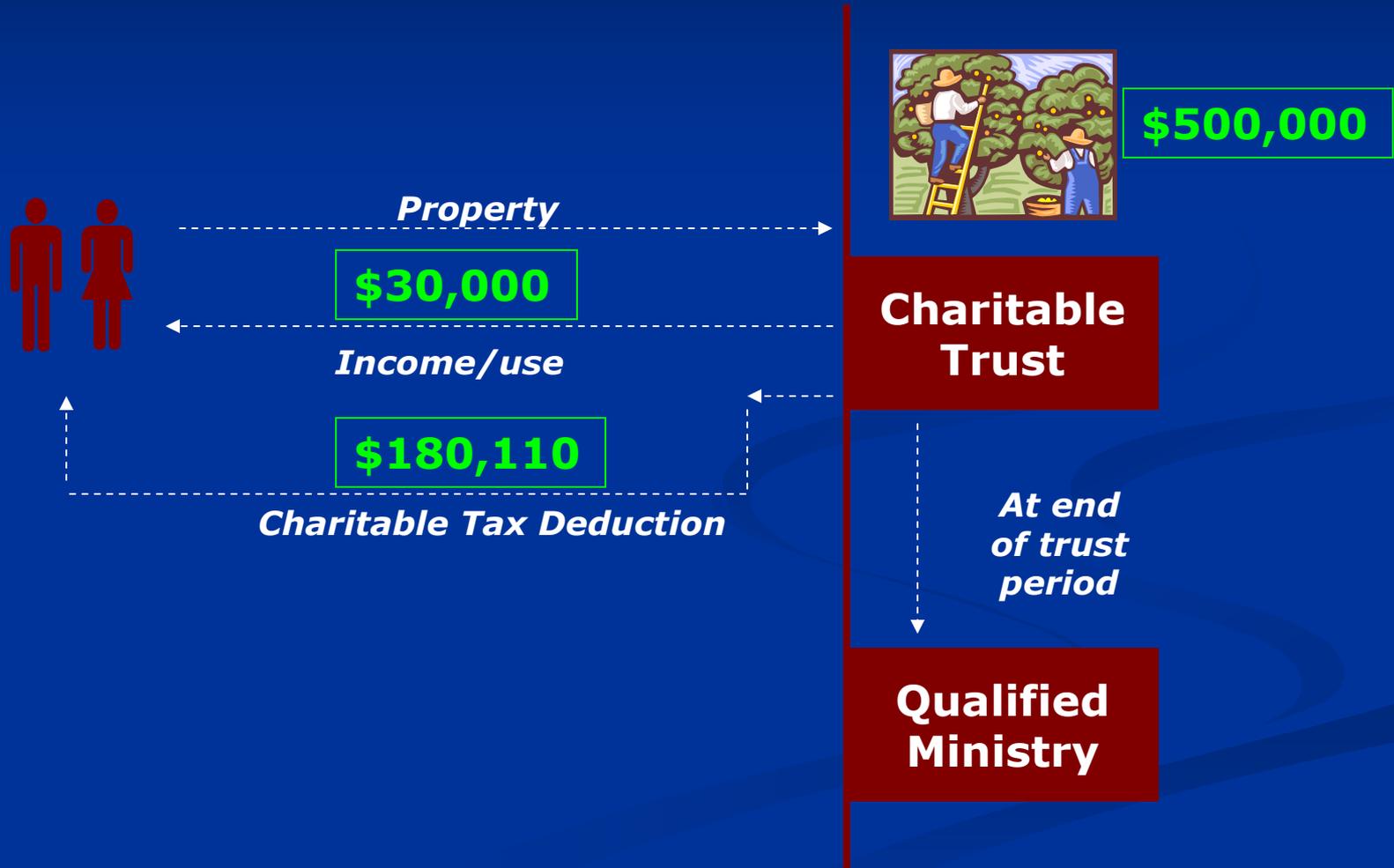
# 5 Essential Concepts To Understand Stewardship

- God is owner of all.
- There is no value of ownership to an individual.
- Given enough time, the use of property will exceed the original value.
- There will always be an upper limit of what an individual can use.
- Everyone with wealth will make a charitable gift.

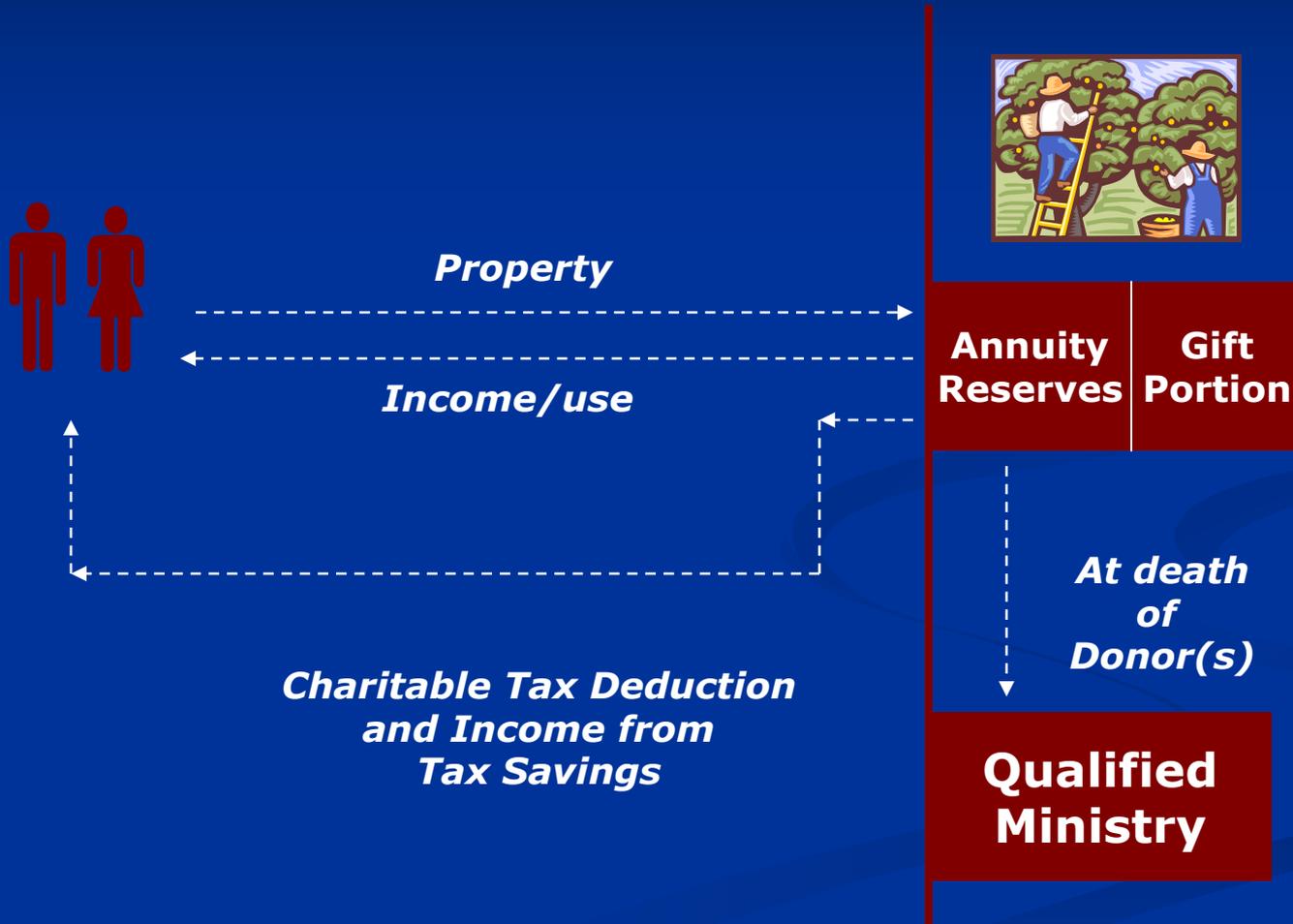
# How A Specially Designed Charitable Trust Works



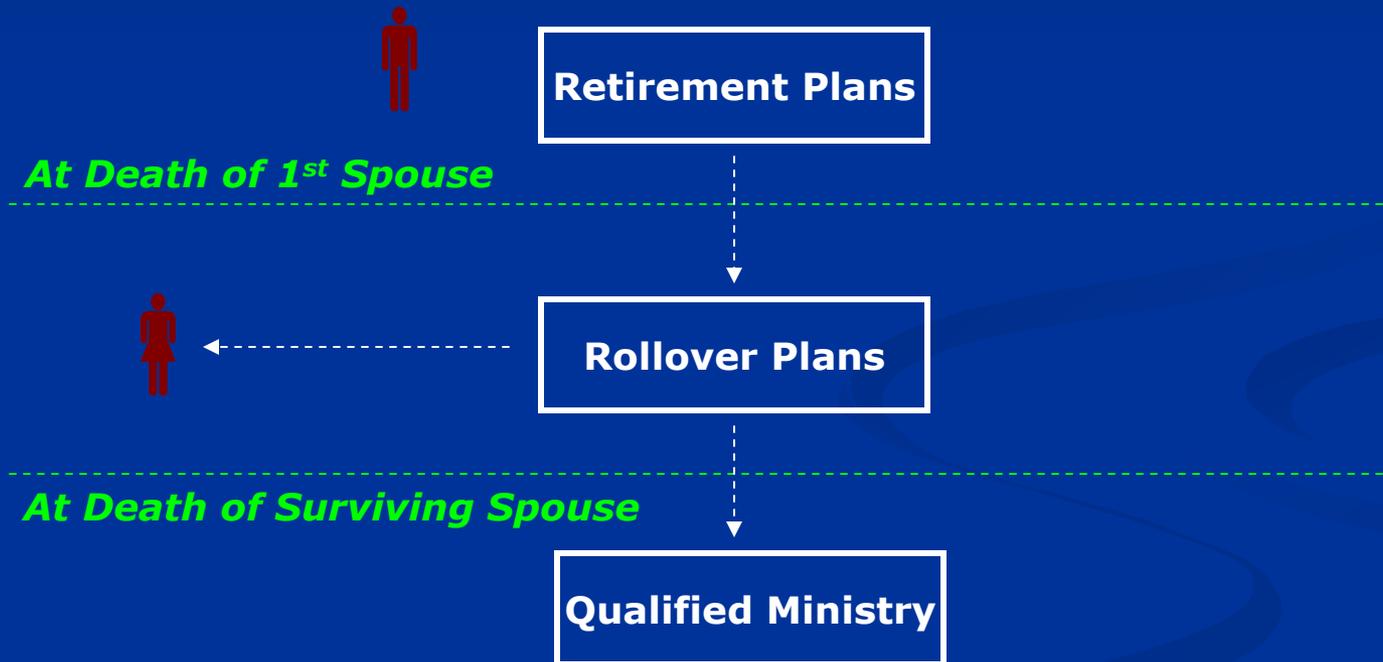
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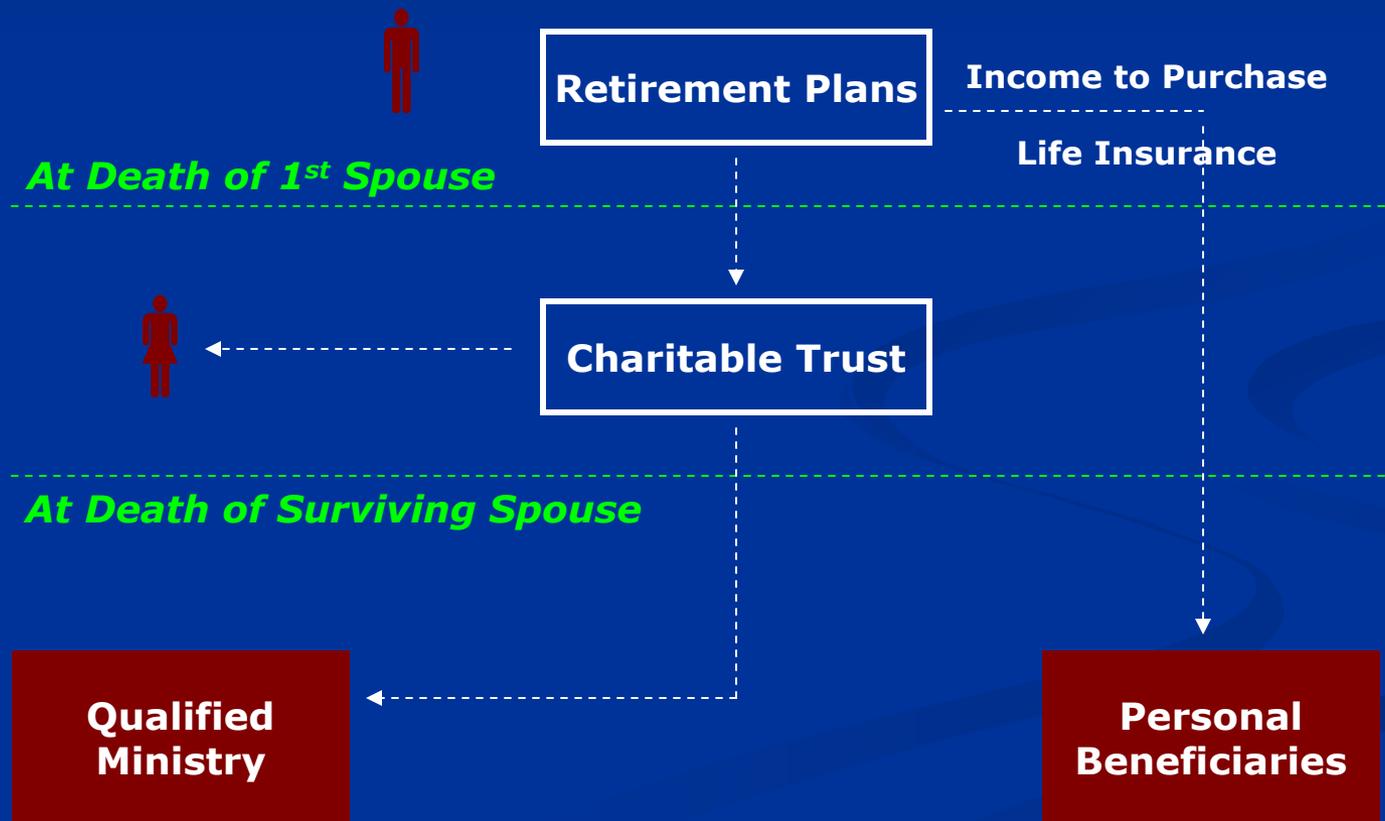
# How A Charitable Gift Annuity Works



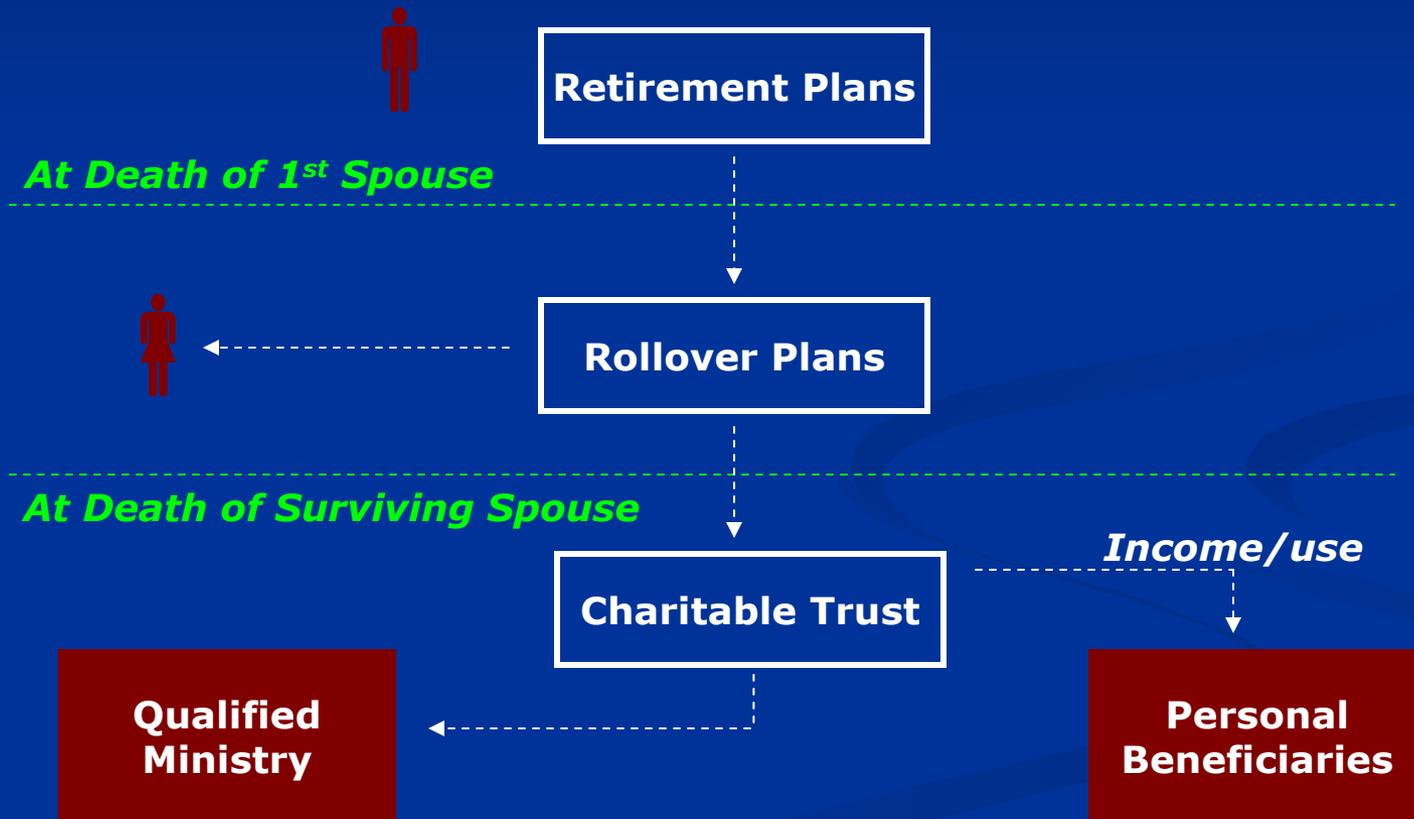
# Retirement Plans Direct Gift To Ministry



# Retirement Plans - Specially Designed Charitable Trust



# How You Can "Give It Away Twice"



# Are You Faced With High Taxes Due To:

- Real estate sale
- Sale of business
- Selling appreciated securities
- Estate size
- Retirement account distribution

# Typical Sale

**\$500,000 asset**



# Zero Tax Sale – Outright Gift



# Zero Tax Sale – Outright Gift



**Sale  
Portion  
\$350,000**



**Gift  
Portion  
\$150,000**

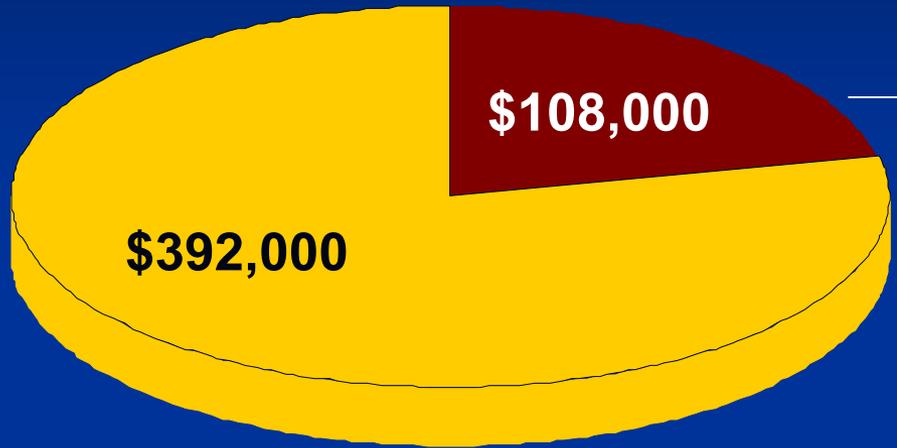


~~**Capital  
Gains Tax  
\$61,600**~~



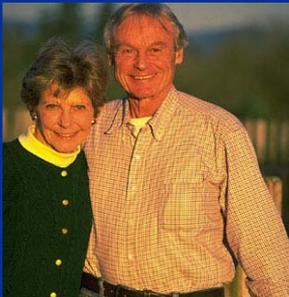
**Tax Savings @ 42%  
\$63,000**

# Zero Tax Sale – Charitable Trust



**Charitable Trust**

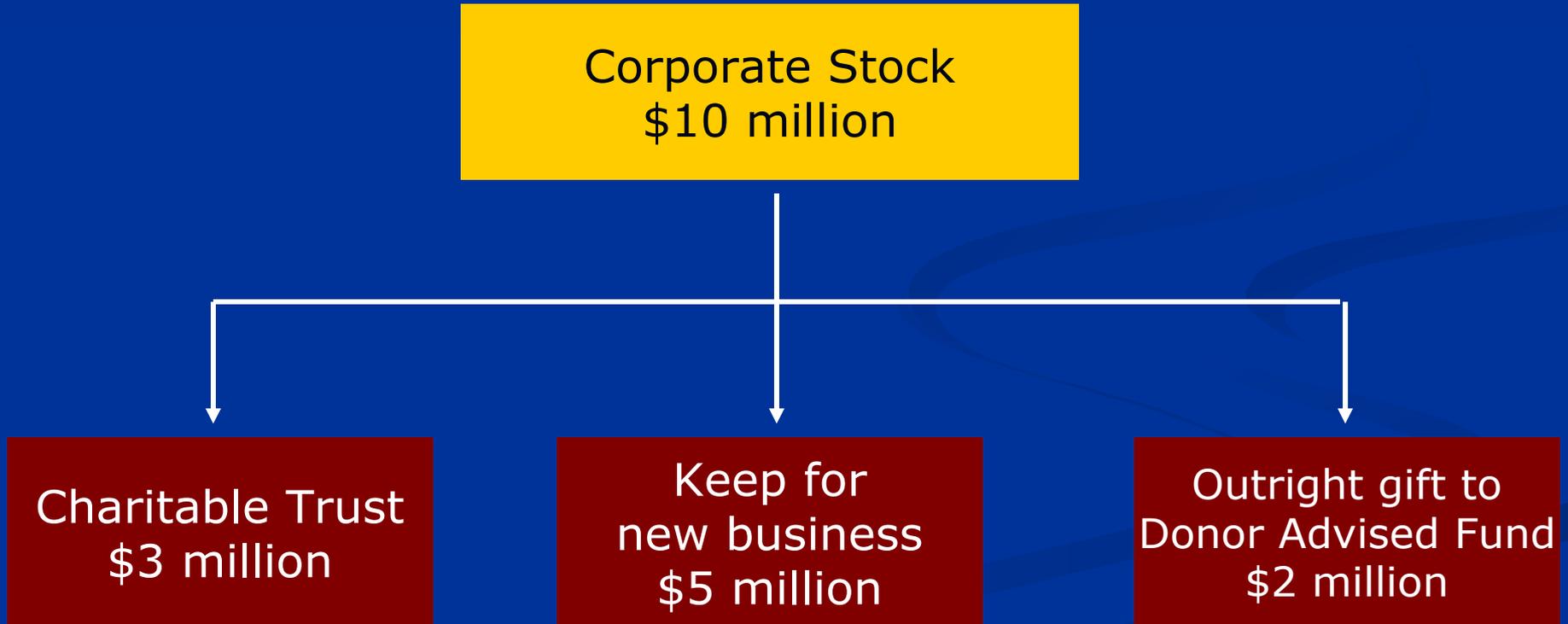
**At death of surviving spouse**



**Income for life**

# Sale Of A Closely Held Business

*Goal - Secure income, make significant gift today,  
retain capital for business ventures*



# Tax-free Gifts From IRA Until December 2007

## **Pension protection act of 2006**

### Provisions

- You are age 70 ½ or older
- You make your gift before 12/31/07
- You give funds from an IRA or Roth IRA
- Your IRA gifts do not total more than \$100,000 per year
- Your gift meets MDR

# May We Help You?

## Two free services

- Comparative analysis:  
charitable solutions versus a typical sale
- Confidential estate design:  
A second opinion on your plans and  
recommendations from a  
stewardship perspective

# How Can You Receive These Services:

Please provide the following information:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/state/zip: \_\_\_\_\_

Telephone - home: (    ) \_\_\_\_\_

Work: (    ) \_\_\_\_\_ Cell: (    ) \_\_\_\_\_

E-mail: \_\_\_\_\_

- I would like to receive a comparative analysis regarding the sale of: \_\_\_\_\_, the FMV is: \_\_\_\_\_, the cost basis is: \_\_\_\_\_.
- Please contact me concerning the planning of my estate.
- Please contact me concerning a Donor Advised Fund.
- For estate design purposes I would like to receive a free *Guide to Planning Your Estate* and a *Confidential Estate Inventory*.