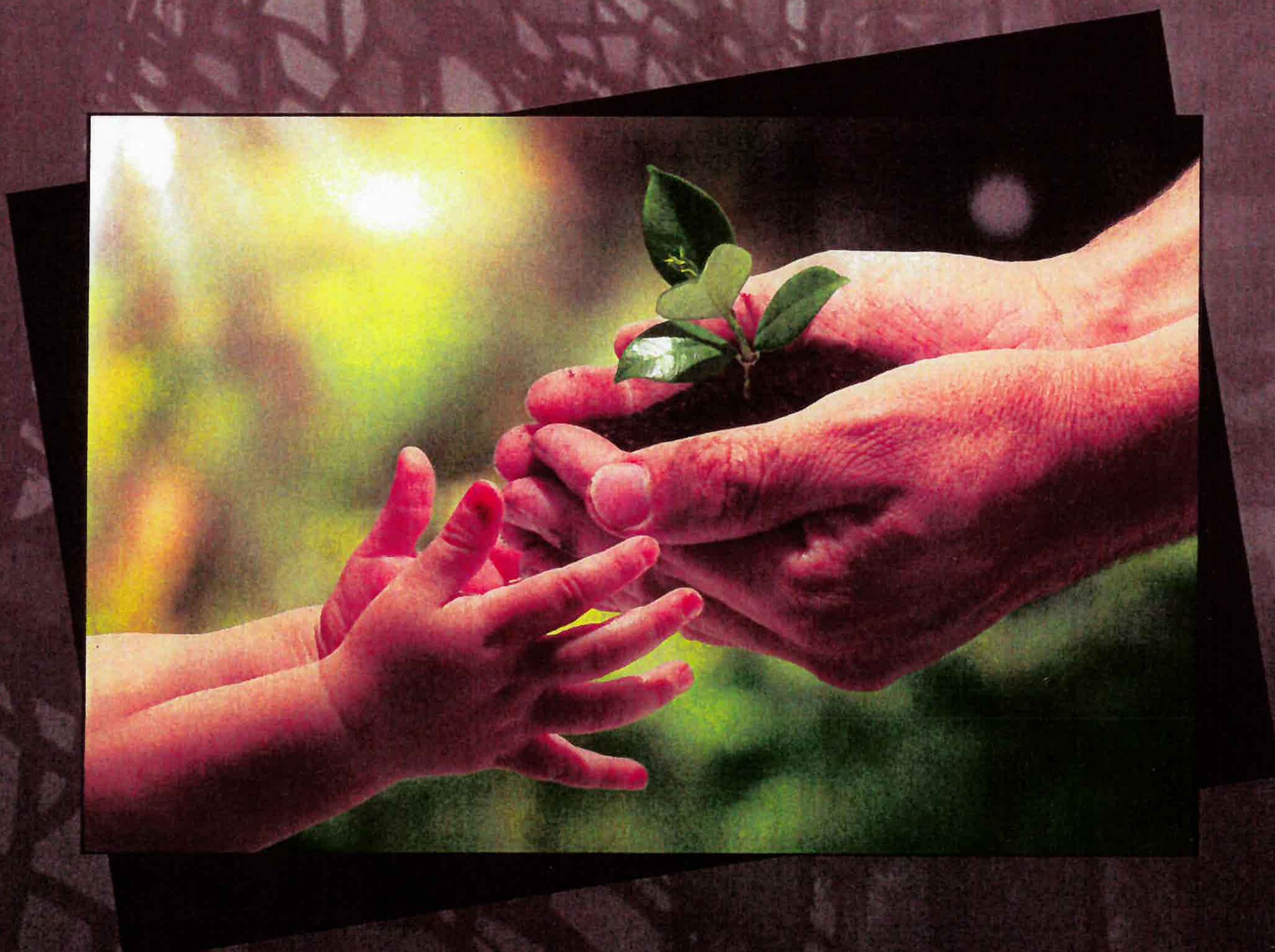
Creative Giving Workbook



Parable of the Talents

"For it will be like a man going on a journey, who called his servants and entrusted to them his property. To one he gave five talents, to another two, to another one, to each according to his ability. Then he went away.

He who had received the five talents went at once and traded with them, and he made five talents more. So also he who had the two talents made two talents more. But he who had received the one talent went and dug in the ground and hid his master's money.

Now after a long time the master of those servants came and settled accounts with them. And he who had received the five talents came forward, bringing five talents more, saying, 'Master, you delivered to me five talents; here, I have made five talents more.'

His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.' And he also who had the two talents came forward, saying, 'Master, you delivered to me two talents; here, I have made two talents more.' His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.'

He also who had received the one talent came forward, saying, 'Master, I knew you to be a hard man, reaping where you did not sow, and gathering where you scattered no seed, so I was afraid, and I went and hid your talent in the ground. Here, you have what is yours.' But his master answered him, 'You wicked and slothful servant! You knew that I reap where I have not sown and gather where I scattered no seed? Then you ought to have invested my money with the bankers, and at my coming I should have received what was my own with interest.

So take the talent from him and give it to him who has the ten talents. For to everyone who has will more be given, and he will have an abundance. But from the one who has not, even what he has will be taken away."

Matthew 25:14-30 English Standard Version

CREATIVE GIVING WORKBOOK

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Thinking Creatively About Giving

Thank you for attending our Creative Giving Seminar. Your presence shows you're interested in and committed to making an impact on your church through this capital campaign.

- We're conducting a campaign to help meet our church's needs today and to lay its future foundations. To reach our goals, we're asking all members to consider significant and challenging campaign gifts above and beyond your regular church support.
- One way to accomplish this is by thinking creatively about giving. Many think "what is in my checking account today" when considering giving. But, thinking more broadly can really maximize your gift's impact.
- There are many ways to make creative gifts to our campaign... some straight forward while others are more complex.
- Our video will highlight and give examples of some of the most common options. We then encourage you to connect with your personal advisor(s) to find the best fit to maximize your goals and benefit your church.
- Why did you choose to attend today? It could be curiosity on how to give the greatest gift you possibly can with the resources you have. Perhaps it's a desire to leave a legacy. Maybe it's about helping or inspiring others. Or perhaps you're strongly driven by your desire to support your church and the larger community.
- In addition to making your pledge and fulfilling your motivation in being here today, some creative giving opportunities also may have tax benefits for you.
- You may be able to consider and make a much larger gift than you might have thought possible through your creative gift!

You have the opportunity to write a beautiful, impactful, and inspiring story through your creative giving to your church!

WAYS TO FUND A GIFT

Cash Pledges

Gifts of Cash Outright or Over Time

A gift of cash outright or over a period of time is the most simple, convenient and immediate way to fund a gift to our campaign. Gifts of cash can offer:

- An immediate impact on the campaign.
- An Income Tax Charitable Deduction.

Securities

Stocks, Bonds, & Mutual Funds

Gifts of appreciated securities such as stocks, bonds and mutual funds are another easy and advantageous way for people to make gifts. To maximize your gift, you can donate appreciated securities to our campaign. As long as you've owned the securities longer than one year, a gift of securities could provide:

- A potential Income Tax Charitable Deduction for the full market value of the securities at the time you make the donation.
- No capital gains tax on the appreciated portion of the gift.

Example:

- You have stock currently valued at $100,000, purchased years ago for $20,000.
- Your capital gain on this asset is $80,000.
- If you transfer the stock to the church, you may be allowed an Income Tax Charitable Deduction for the full value of the stock, or $100,000 in this case.
- Your church has the immediate benefit of receiving $100,000 and you avoid the potential tax on the capital gain of $80,000.

Notes:

Personal Property

Artwork, Jewelry, Collectibles, Etc.

A gift of Personal Property could provide:

- An Income Tax Charitable Deduction for the full market value of the property at the time of the gift.
- No capital gains tax in most situations.
- A reduction of your taxable estate.

Examples:

Artwork, jewelry, watercraft, collectibles, royalties, rare coins, valuable antiques, precious gems & metals, etc.

NOTE: Some gifts of personal property require an appraisal before the church can accept your gift, so please contact us to discuss how we can help you accomplish your goal. In most cases, the church will choose to sell these items to benefit the project. Please check with your church, though, to see if the type of gift you're considering fits within the church's interests or gift acceptance policy, if they have one.

Notes:

Real Estate

Homes, Farmland, Vacation or Commercial Property, Etc.

Real estate gifts can be a great way to support the campaign while also taking advantage of tax and income benefits and could provide:

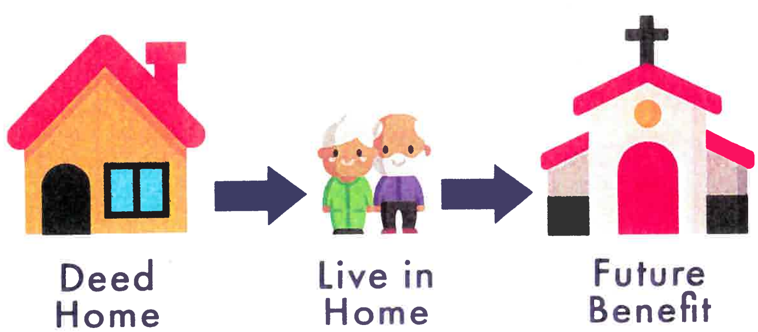
- An Income Tax Charitable Deduction for the full market value of the property at the time of the gift.
- The avoidance of capital gains tax.
- A reduction of your taxable estate.
- Some can even create an income stream for you or someone you care about.

Examples:

Gifts of a home, vacation property, undeveloped land, farmland, investment property, ranch, or commercial property.

Retained Life Tenancy

This is an option within the real estate segment. You can deed your home, farm or vacation home to the church and keep the right to live in and/or use the property during the rest of your lifetime and the lifetime of your spouse. This arrangement has the potential to provide an immediate Income Tax Charitable Deduction to you and benefits the church sometime in the future.



Please contact us to help with any gift of real estate, to work out any appraisals and to involve appropriate experts as necessary.

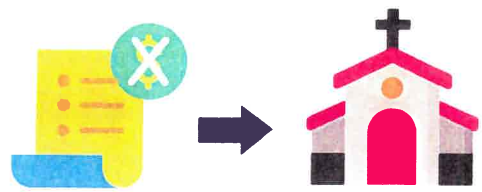
Life Insurance

Policies No Longer Needed or That Have Outlasted Intended Purpose

A gift of life insurance can also allow you to make a substantial gift to your church now, in the future, or both! There are several ways to make gifts of life insurance.

You can donate a permanent life insurance policy that's not completely paid up.

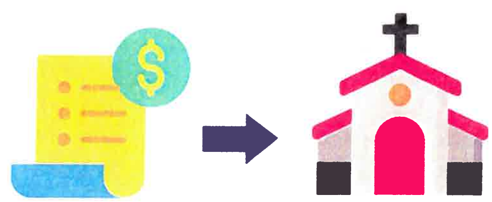
- This may allow you to take a charitable deduction for the cash value of the policy.
- In this case, you may also choose to continue to make the premium payments, which can be deductible as cash gifts.



Donate a permanent life insurance policy that's not completely paid-up

You can also donate a paid-up policy.

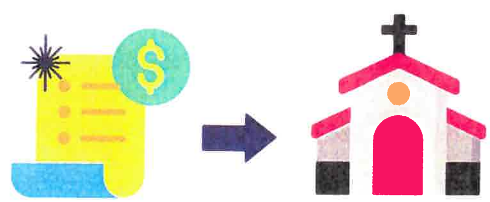
- In this case, you simply designate the church as the beneficiary and owner of the policy.
- This may allow you an income tax charitable deduction for its cash value at the time of the gift.



Donate a paid-up policy

And lastly, you can purchase a new, permanent life insurance policy and name the church as the beneficiary and owner.

- You could pay all the premiums as donations to the church.
- Those premium payments could then be tax-deductible for you.



Buy a new policy and name the church as beneficiary and owner

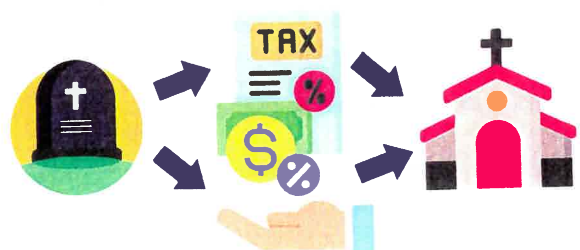
Notes:

GIVING STRATEGIES

Qualified Retirement Funds

Qualified IRAs as a Deferred Gift

Qualified IRAs have not been taxed before distribution. So, at death, balances are included for estate taxes and also taxed as income to your beneficiaries.



If you fund a charitable bequest to the church with IRA funds, you can prevent the IRA from becoming a liability of your estate, and the gift is made with pre-tax dollars.

How to utilize retirement funds as a deferred gift:

1. Get a Change of Beneficiary Form from your IRA plan.
2. Direct a specific dollar amount, percentage, or your entire IRA remainder to the church.
3. Using an IRA for deferred giving is an excellent option because the church will not incur any taxes because of its non-profit status.

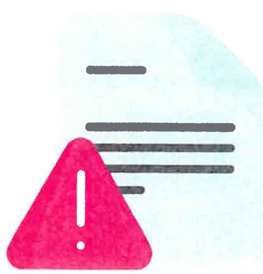
Notes:

Qualified Charitable Distribution (QCD)/IRA Charitable Rollover

Another popular option that can impact your campaign immediately is to consider a Qualified Charitable Distribution (QCD), which many people refer to as an IRA Charitable Rollover. This allows people age 70 ½ and older to reduce their taxable income by making a gift directly from their IRA. Many donors choose to direct all or part of their required minimum distribution (if applicable) as a tax-wise option.

The benefits of a Qualified Charitable Distribution include:

- The ability to avoid taxes on IRA rollovers of up to $100,000 per year to the church.
- Satisfying your required minimum distribution for the year.
- Reducing your taxable income – even if you don't itemize your tax deductions.
- Enabling you to make a gift that's not subject to deduction limits on charitable gifts.



NOTE: If you itemize your taxes, you cannot claim a tax deduction for your Qualified Charitable Distribution, but you do reduce your annual income because you don't have to include the distribution as income.

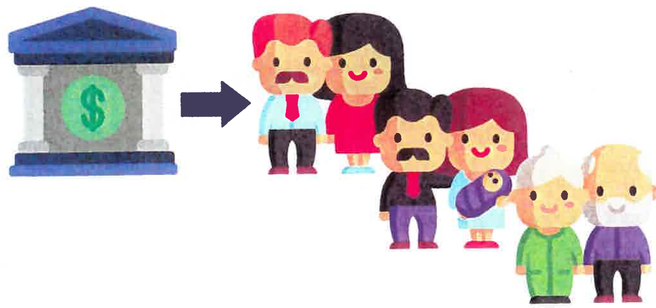
If you wish to pursue a Qualified Charitable Distribution, please contact your IRA plan administrator and instruct them to make a distribution from your account directly to the church. Also, please request that they include your name, so we know the gift is coming from you!

Notes:

Life Income Plans

Receive Regular Income for Life & Potential Tax Benefits Then Remaining Assets Transfer to the Church

Some donors want to make substantial gifts to the church but still need assets to provide income for themselves and their loved ones. One way to accomplish both goals; a Life Income Plan.



Life income plans use strategies for you, as the donor, to receive regular income for life (or a period of years) and, at the same time, take advantage of tax benefits.

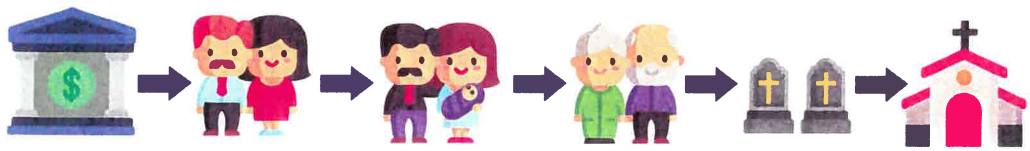
- You or a loved one are the first to receive the income.
- After your lifetime, the remaining asset then becomes a gift to benefit the church.

Notes:

Life Income Plan Examples

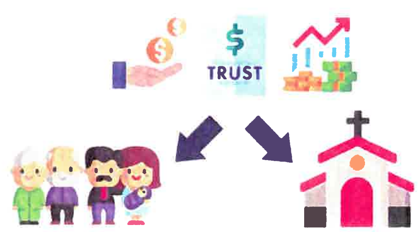
Charitable Remainder Trust

A Charitable Remainder Trust (CRT) allows you to make a gift to the church while keeping the income for yourself and your needs during your lifetime.



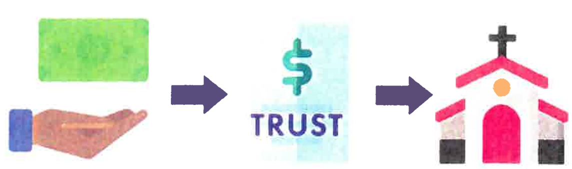
Options:

- You could fund the trust with low dividend yielding stocks and actually increase your lifetime income.
- You could leverage a highly appreciated asset to avoid capital gains taxes.
- Or perhaps, you have increased cash flow from a recently sold property and are looking for a way to save on taxes.



With a Charitable Remainder Trust, you irrevocably transfer cash or assets into the trust. Those assets generate income for you or a loved one, with the remaining assets going to your church after all the trust income payments have been made to you or your loved one.

You could also benefit from an immediate Income Tax Charitable Deduction for your gift to the church at the time you contributed the gift to the trust. The value of the charitable deduction is based on the market value of the gift when you contribute it to the trust without triggering taxable capital gains.



Two Main Types of Charitable Remainder Trusts:

Charitable Remainder Annuity Trusts (CRAT) distribute a fixed annuity amount each year, and additional contributions are not allowed.

Charitable Remainder Unitrusts (CRUT) distribute a fixed percentage based on the balance of the trust assets, which are revalued annually. Additional contributions can also be made with a Charitable Remainder Unitrust.

Basics of Establishing a Charitable Remainder Trust

1. Establish a Charitable Remainder Trust: Creating an individual trust agreement.
2. Select the beneficiaries to receive the lifetime income, which could be you.
3. Decide on the amount and duration of income to be paid.
4. Transfer the property to a trustee.
5. Designate the remaining assets (known as the "remainder") to go to the church.
6. Deduct the value of the charitable remainder from your income taxes, if applicable.

Potential advantages include:

- A gift to the church without a loss of income.
- In many cases, increased income.
- A current income tax charitable deduction allowed for the future gift of remaining assets.
- No capital gains tax.
- And a federal estate tax deduction.

Other Similar Options

There are other similar giving instruments that could be a good fit for your situation too, for example:

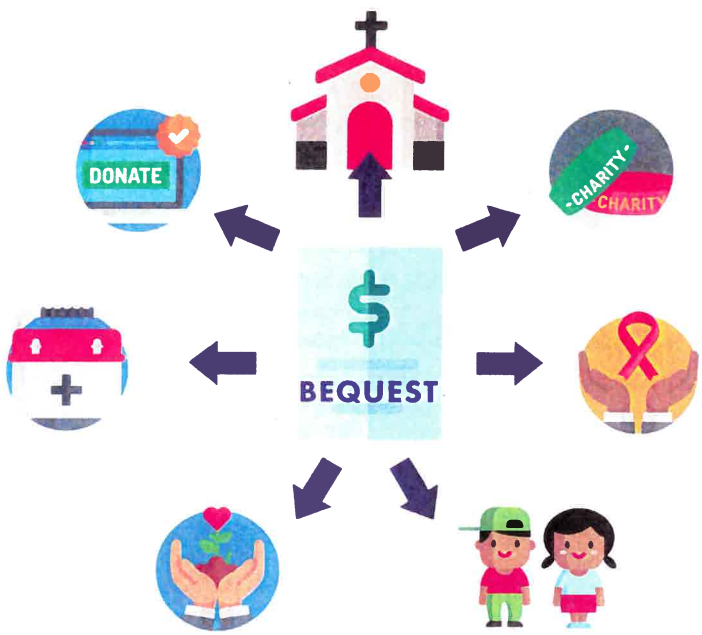
- Charitable Gift Annuities
- Wealth Replacement Trusts
- Charitable Lead Trusts

It can be complicated to set up a trust, but if done properly, most can be used for additional giving by adding to the trust in later years.

Gift by Bequest

Leaving a Legacy

Many people find that bequests are simple and a great way to leave a legacy. These gifts are arranged for today, but (in most cases) do not come to fruition until the donor dies. Some people may find that they are even able to make their largest financial contribution to their church as a bequest.



Example:

Some common gift bequests are:

- Recognizing your church in a will or trust by:
  - Directing a percentage
  - Directing a fixed amount
  - A residual bequest
- Naming your church as full, partial, or contingent beneficiary of a retirement account.
- Listing your church as the Transfer on Death ownership of a bank account.
- Leveraging other assets such as: cash, stocks and bonds, personal property, real estate, and life insurance.

A Gift by Bequest Through a Will

Your will can direct a certain percentage of your entire estate, a fixed dollar amount, a specific asset, or the residual or remaining balance go to the church as a gift.

Benefits:

- Reduce your estate taxes (if applicable).
- Reduce the burden of taxes on your family.
- Allow flexibility to change your bequest at any time.
- Assure your church that your annual giving will not be affected by a significant contribution because the bequest costs nothing during your lifetime.

How to pursue preparing a will:

1. Prepare a list of everything you own, which includes money, real estate, personal property, investments, insurance policies, bank accounts, jewelry and other assets.
2. List the people, organizations and causes that mean the most to you, including your church.
3. Divide your possessions among those on the list, using percentages, specific amounts, or designate items.
4. Choose and name the executor or personal representative who will carry out your wishes.
5. Contact an attorney to formalize your will. *There are also many online resources that can provide value to you in this process. However, most people do enjoy and will benefit from connecting in person about this important and meaningful conversation.*

For bequests outside a will, you may be able to fill out a
Change of Beneficiary form or add a Transfer on Death form to your account.

Notes:

Blended Gifts

Outright Gift & Estate Gift

As you prayerfully consider your commitment to our campaign, you may wish to explore the possibility of a blended gift. These are gifts that provide the church an outright gift of cash or securities during the campaign's pledge period and another gift through the person's estate.

- Blended gifts increase the impact of your giving both now and in the future.
- They also allow you to see the benefits of your gift today while also knowing how you will be impacting God's Kingdom in the future!

Notes:

Impacting Your Church's Future

Creative gifts can significantly impact your campaign and your church, and help you accomplish many of your other personal goals at the same time. And the fact that many of these strategies can benefit you and your loved ones too, makes creative giving all the better for you to consider.

I wish I could do more, but...

"I need to save for retirement."

"I'm on a fixed income."

"I don't have enough liquid assets."

"I don't know what the future holds?"

Creative giving can allow you to sow the seeds that can ensure a brighter future for your church while reaping benefits for you and your loved ones both during and after your lifetime!

A beautiful, impactful and inspiring story is yet to be completed, and you hold the pen. What will be your legacy?

"Remember this: whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.

2 Corinthians 9:6-7

GLOSSARY

Creative Giving Terms

Appreciation: The increase in value of a real asset or financial asset over time.

Basis: Typically the purchase price of an asset or property.

Beneficiary: The person receiving a trust's income and/or principal.

- An income beneficiary receives payments of income from the trust during its term.
- A remainder beneficiary receives some or all of the principal of the trust upon termination of the trust.

Capital Gains Tax: When investment (or capital) assets are held for longer than one year and sold (or donated to a charity), the gain or appreciation in the investment's value may be subject to federal and state tax. Investments also can be sold at a loss (resulting in a capital loss on the sale). Investments subject to capital gain and capital loss can be real assets (e.g. property) or financial assets (e.g. stocks and bonds).

Charitable Lead Trust: An irrevocable trust that pays an annual amount to a charitable organization for a fixed term. When the trust term ends, the remaining principal amount either (1) reverts to the donor, or (2) is distributed to the beneficiary or beneficiaries.

Charitable Remainder Trust (CRT): An irrevocable trust that pays an annual amount to one or more persons during the trust's term. When the trust term ends, its assets are distributed to the charitable organization.

- The annual amounts paid from the trust can be payable as a fixed sum, called a charitable remainder annuity trust (CRAT); or
- The trust's annual amounts paid can be a percentage of the trust's value, called a charitable remainder unitrust (CRUT).

Estate Tax: Taxes paid to the federal or state government from a deceased person's estate based on the full value of the estate. Distribution to a surviving spouse is exempt from estate tax.

Exemption or Exempt Amount: Typically, the value of assets exempt from taxation.

Gift Tax: Taxes paid by a gift's donor.

Income Tax: Earned income is subject to federal and state taxes. Income properly invested in a retirement account (other than a Roth IRA) is taxable only when its retirement accounts are subject to income tax upon distribution.

Portability: When referring to the estate tax, portability means the ability of one spouse to "keep" the deceased spouse's federal estate tax exemption without the use of a trust.

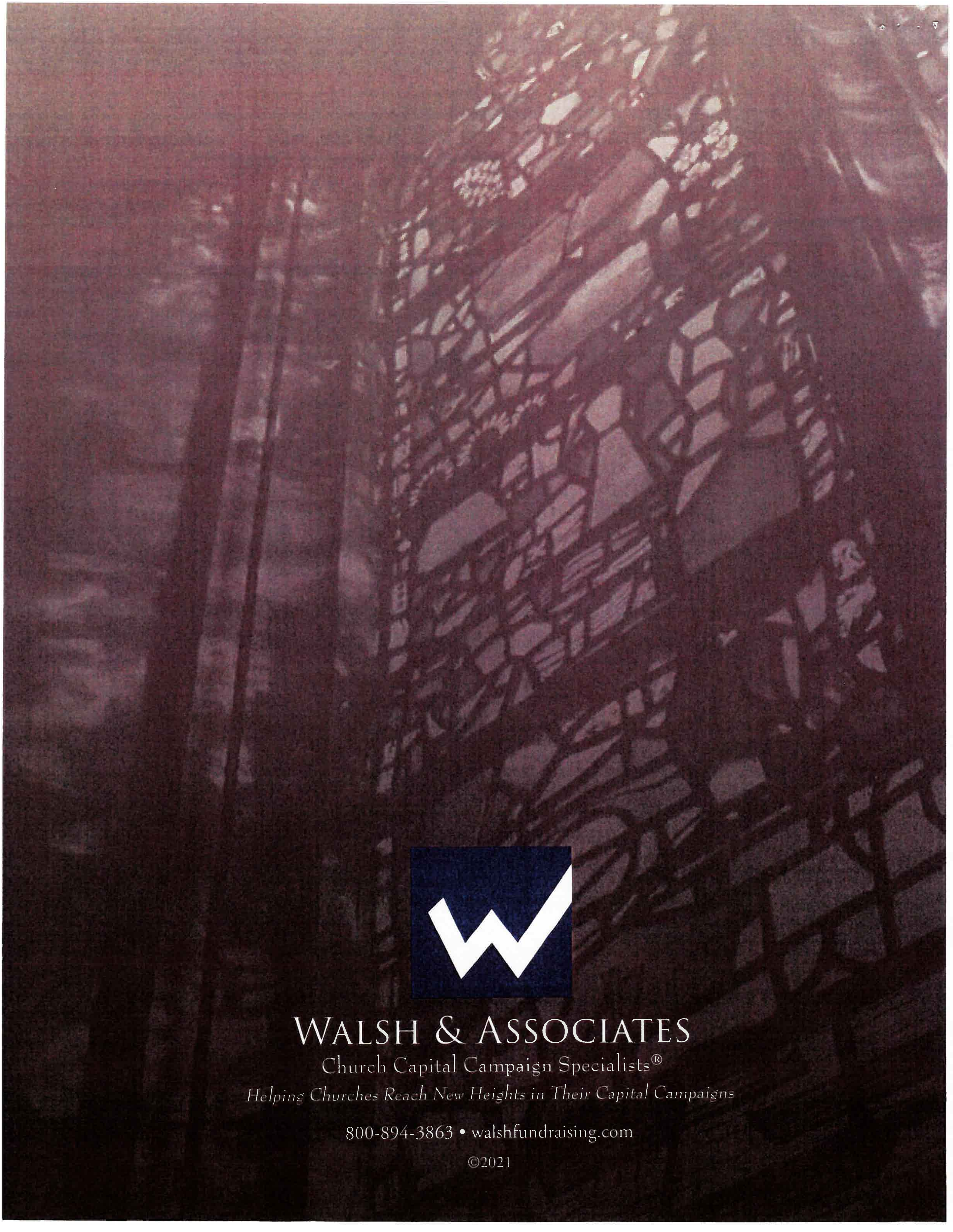
Required Minimum Distribution (RMD): The amount that must be withdrawn annually from a retirement account (IRA, SEP IRA, etc.) after the owner reaches retirement age.

Qualified Charitable Distribution (QCD): Amounts distributed directly from a retirement account by the custodian to a qualified charitable organization. QCD distributions qualify to meeting the annual RMD's for individuals over age 70½. Also commonly referred to as an IRA Rollover.

Trust: A fiduciary relationship in which one party, known as a trustor or grantor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary.

"And do not forget to do good and to share with others, for with such sacrifices God is pleased."

Hebrews 13:16



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