

Additional tools

Giving Tool

What is it?

What are the benefits?

DONOR-ADVISED FUNDS

Donor-advised funds (DAF) are simple, flexible, efficient ways to manage your giving. DAFs are typically created between you and a Foundation. You make tax-deductible contributions to the fund, rather than directly to a charity, and then direct the Foundation to make "grants" to ministries as you wish. When you're ready, control of the DAF can be given to heirs, creating a multi-generational legacy of giving.

- Separation of tax planning and charitable giving. Donor receives tax deduction when contribution is made, but grants to charity can be made later.
- Donate appreciated securities and avoid capital gains tax.

IRA GIFTS

Congress has again authorized charitable gifts from IRAs. This is good news for people 70½ or older because it reduces taxable income. However, 2009 is the last year for this provision.

- No cost, easy to complete with IRA distribution form.
- Reduced taxable income and lowered estate for tax purposes.

Many of these tools can be combined to provide greater financial savings for your family and have a larger impact on the Lord's Kingdom. BHITC and LMS cannot give financial or legal advice. Consult your attorney, financial advisor and accountant to develop a comprehensive plan that meets your goals.

About the GiFT Campaign

GiFT(Generous in Faith and Thankfulness) is a joint effort by Northeast Ohio urban ministries **Building Hope in the City** and **Luther Memorial School** to provide its partners with important information about financial and estate planning options and encourage the continued support of both organizations' pioneering efforts to renew urban mission and ministry. Campaign events and materials were made possible thanks to a generous grant from **Thrivent Financial for Lutherans**. To learn more, contact Brian Upton at (216) 281-4673.



(216) 281-4673

www.buildinghopeinthecity.org



(216) 631-3640

www.luthermemorialschool.org



(800) 304-9921

www.thrivent.com



**Tools to Bless
Urban Mission
and Ministry**





Gifts that provide you with ongoing income

Planned Giving Tool

What is it?

What are the benefits?

CHARITABLE GIFT ANNUITY

A charitable gift annuity (CGA) is a gift that gives back to you. It's a binding contract between you and a charity, in which you make a gift of cash or securities and receive, in turn, guaranteed payments for life. These payments remain constant, even when the economy or market fluctuates. Upon your death, the remainder of your gift is given to the charity.

- You receive an immediate tax deduction.
- CGAs offer competitive rates on income, often higher than CDs, treasury bills and money market funds.
- For gifts of securities, you skip capital gains taxes.

CHARITABLE REMAINDER TRUSTS

Trusts come in many forms and variations, but their purpose is the same: to shield your assets from taxes for the benefit of the people and ministries you care about most. Cash, securities, real estate or personal property can be put into a trust, which can then generate annual income for you for life. At the end of the trust, the remainder benefits the Lord's Kingdom work. Or, that order can be switched, so that the trust first pays a ministry annual income for a set term, and then the remainder passes to your heirs.

- You receive a limited tax deduction.
- For gifts of appreciated securities and real estate, you skip capital gains taxes.
- Trusts often reduce estate taxes, which leave a greater gift for your loved ones or ministries of choice.

Gifts that bless mission and ministry at your passing into eternal life

Planned Giving Tool

What is it?

What are the benefits?

BEQUEST

A charitable bequest is included in a trust or **will**, the most basic and essential of financial planning tools that can save your loved ones a lot of hassle, time and money. Bequests are provisions in your will or trust that directs all or a portion of your estate to ministry. Basic wills are inexpensive to create and can be changed as you desire. Times to consider reviewing and/or revising your will: The birth of children or grandchildren, when you move, divorce or are widowed, when your income significantly increases or your ministry interests change or tax laws change.

- You maintain control of the gift assets while living.
- Most bequests likely qualify 100% for estate and inheritance tax reduction.
- If made with tax-qualified assets (IRA, 401K), some income tax to your heirs may be eliminated.

CHARITABLE LIFE INSURANCE

Life insurance gives you **leverage**, in that it can allow you to make a significantly larger gift than would be possible using current assets. There are a couple options: You could open a new policy, naming BHITC or LMS as the owner and beneficiary. Premium payments, which can be low for young donors, generate tax deductions. Or, you could donate a paid up policy that is no longer needed and receive a tax deduction, generally for the policy's replacement value.

- Easy to create and manage.
- The possibility of creating a significant future gift for ministry!
- Premium payments receive immediate tax deductions.

BENEFICIARY DESIGNATION

Beneficiary designations are the simplest of estate planning tools, that have no cost and can often have a major impact on ministry. Bank and brokerage accounts, as well as insurance policies, require that you name beneficiaries. By naming a ministry on the designation form, your estate will receive a tax deduction and capital gains can be avoided, as well.

- You maintain control of the gift assets while living.
- Designations avoid probate court
- Cost-free.

Donate to the Endowment Funds at BHITC or LMS and you can memorialize your annual gifts to ministry.

| If your annual gifts total: | You can perpetuate them with an Endowment bequest of: |
|-----------------------------|---|
| \$100 | \$2,000 |
| \$200 | \$4,000 |
| \$300 | \$6,000 |
| \$500 | \$10,000 |
| \$1,000 | \$20,000 |
| \$2,000 | \$40,000 |
| \$5,000 | \$100,000 |

A 5% annual return on your bequest, as represented in this table, would ensure that your faithful and generous support of ministry will continue, even after you've received your eternal reward.