Christ the King Episcopal Church

Endowment Fund Gift Planning for the Future of the Church

2024

Disclaimer

- This presentation is designed to provide an overview of certain charitable gift plans. It is not intended to provide legal, tax, investment, or other professional advice, For assistance in specific cases, obtain the services of a competent attorney or other professional advisor.

Agenda:

- What is an Endowment Fund?

- Why Did CTK establish an Endowment Fund back in Jan 2016?

- Why should you contribute?

- How does it work?

- How can you contribute?

What is an Endowment Fund?

- Endowment Fund donations are pooled together and invested
- A portion of the GROWTH of the fund goes to the Church while the remainder continues to be invested
- Lasts in perpetuity unless dire needs exist
- Funds are professionally managed by State Street Global Advisors through the Episcopal Church Foundation

Why the Church has an Endowment Fund:

- Average size of a planned gift is often 100 or even 1000 times larger than an annual pledge
- Gifts demonstrate high level of commitment to Church
- Single best way for Church to build financial reserves

Why Should Anyone Leave a Gift?

- To make a significant impact on the Church and its mission
- For potential tax savings during one's lifetime
- To possibly lower taxes at death
- To make an impact on family:

When my Will is read,
what will my children and grandchildren
learn about my values?

Endowment Distributions to CTK

- May be used for:
  - Capital Improvements
  - Outreach Ministries and grants
  - Seed money for new ministries
  - Special one-time projects

How does it Work?

- In reality, every gift we make to our Church is in some way "planned" – our annual pledges are planned each year

- Other kinds of gifts, however, might also be planned; examples include:
  - Supporting a building campaign
  - The Organ fund
  - Gifts made to the Church over time, or through one's estate –Lets focus on these

Most Common Planned Gifts

- Simple Bequest (Will)
  - Most common (85% of all planned gifts)
  - Create a Last Will & Testament (if you do not already have one)
  - Add a "codicil" to your existing Will
  - Methods:
    - A fixed dollar amount ("I leave $5,000 to…..")
    - A percentage of remainder ("After gifts to beneficiaries have been satisfied, I leave XX% of remainder to….")

- We will now look at other, very simple and inexpensive ways to plan a gift to the Church….

Almost-as-Easy Planned Gifts

- Retirement Accounts
  - Traditional IRA, Keogh, 401(k), 403(b) accounts
  - Make the church beneficiary, partial beneficiary, or contingent beneficiary
  - Can save on taxes (taxed to individual's estate as ordinary income if left to family)
  - Required Minimum Distributions (RMD) from an IRA. (Eliminates taxable income from distribution.)

- Life Insurance
  - Make the church beneficiary, partial beneficiary, or contingent beneficiary
  - Donate the policy itself [if not "term" insurance]

Other Types of Estate Gifts

- Income Producing Gifts
  - Charitable Gift Annuities (min. investment $5k+)
  - Charitable Remainder Trusts (min. investment $100k+)

- Gifts Providing Significant Tax Saving
  - Life Estate (gift of primary residence or family farm)
  - Charitable Lead Trusts (usually $5m+)
  - IRA Required Minimum Distributions (RMD)

- Non-income Producing Gifts
  - Real Estate
  - Collectibles (fine art, jewelry, antiques, etc.)
    - The Church may/may not want to accept collectibles

Other Types of Estate Gifts

- Of these "other" types of gifts, the most common are those that are income-producing. They all work basically the same way:
  - Assets (funds) go into the annuity or trust
  - You (or you and your spouse) receive income for life
  - At the end of your life (lives) the church gets the remainder (generally calculated at about 50% of the amount you contributed initially)

More About Charitable Gift Annuities

- Easy to establish – a simple contract between individual/couple and issuing nonprofit
- Offered by:
  - The Episcopal Church Foundation
  - Large institutions like Fidelity, Schwab, etc.
  - Community Foundations
- Most offer the same interest rates
- Minimum contribution amounts vary from institution to institution

Other Income Producing Gifts

- Charitable Remainder Trusts (CRT's) function basically the same way, but minimum contribution amounts are higher (usually $100,000+)
  - May provide for multiple generations
  - May fund with cash and/or property other than cash

Review: Little Help Needed to.....

- Change a retirement account beneficiary designation

- Change a life insurance policy beneficiary designation

Review: Some Help Needed to.....

- Add a Codicil to an existing Will (the attorney who drafted the Will can do it easily)
- Set up a Charitable Gift Annuity
- Make a gift of a universal or whole life insurance policy
- Make a gift of real estate or other tangible property

See an Attorney to….

- Establish a new Will

- Set up any type of Trust

- Establish more complex gifts, such as a Life Estate (gift of your primary residence or family farm)

Questions?

- Contact the Church Office

- Contact the Endowment Committee:
  - John Lauder, kjlauder@wbhsi.net
  - Ben Armstrong, viaappia.bma@gmail.com

- Talk to your financial advisor

Our Future is Purchased by the Present

Thank You!