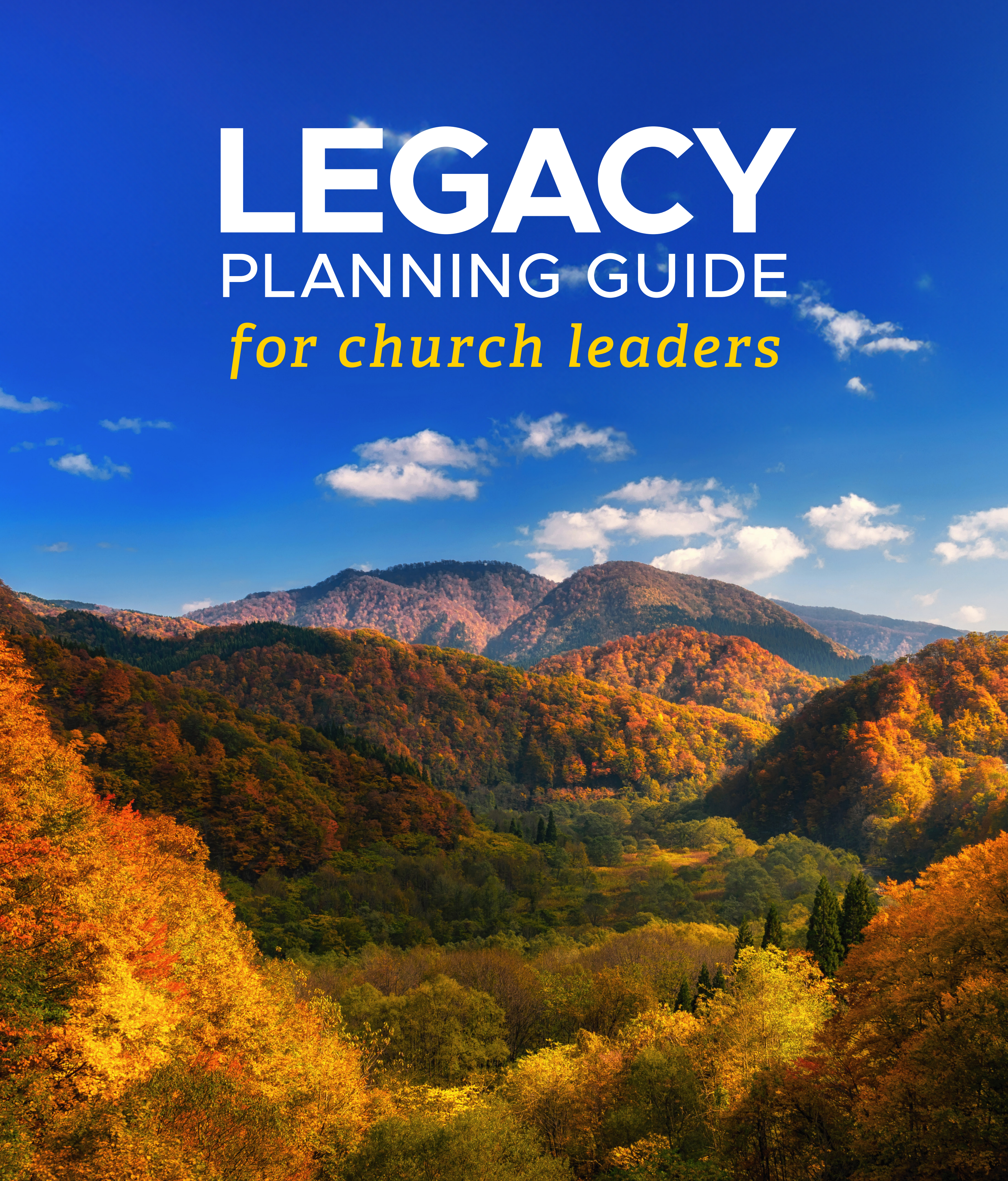
# LEGACY PLANNING GUIDE

## *for church leaders*



Estate Planning

Presbyterian FOUNDATION

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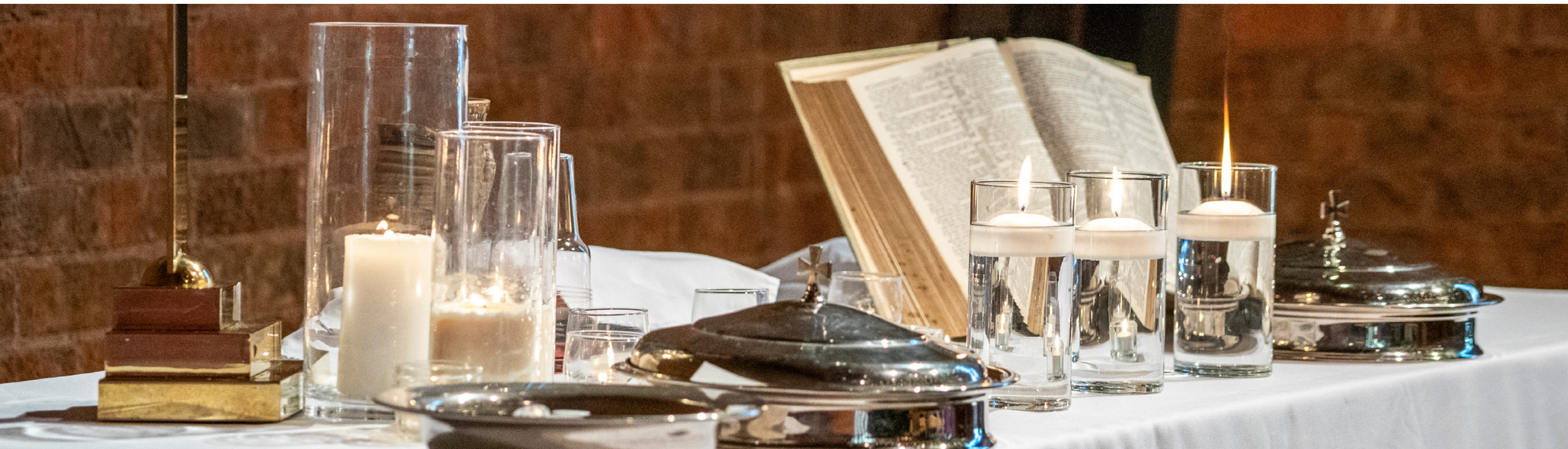


# INTRODUCTION

***"The Earth is the Lord's and all that is in it, the world and those who live in it."***
***– Psalm 24***

**The role of an elder in the Presbyterian Church (USA) is a sacred calling.** You are asked to think about budgets, property, personnel, and events, while remembering that the Book of Order tells us that elders are "chosen by the congregation to discern and measure its fidelity to the Word of God, and to strengthen and nurture its faith and life."

The fiscal health of your church in the present and in perpetuity is one of the responsibilities of your service as an elder. This guide offers you both spiritual and practical guidelines for creating a Legacy Giving Program. A Legacy Giving Program creates opportunities and a process for members of your congregation to include the church in their estate planning, which supports long-term financial stability.

The Presbyterian Foundation and your Ministry Relations Officer have resources to support you in this process and beyond. Establishing a legacy program is an enduring service to your congregation, many of whom are already thinking about their estate plans and want to include their church in those plans as an act of joyous worship and gratitude for God's gifts.

While conversations about end of life financial decisions can be intimidating, when undertaken as an act of worship in response to the grace of the Holy Spirit these conversations become acts of love and fellowship that advance the kingdom of God on Earth. The details of establishing this type of program are important and deserve prayerful consideration. Attending to those details, however, must be undergirded with attention to the spiritual calling of your role as a congregational leader and steward of God's gifts.

# *"Please don't ask me to talk to anyone about money."*

**Let's be honest – for many of us, talking about money is uncomfortable.** It is even more uncomfortable to talk to someone else about his or her money in the context of faith and estate plans. There are legitimate concerns about privacy and confidentiality.

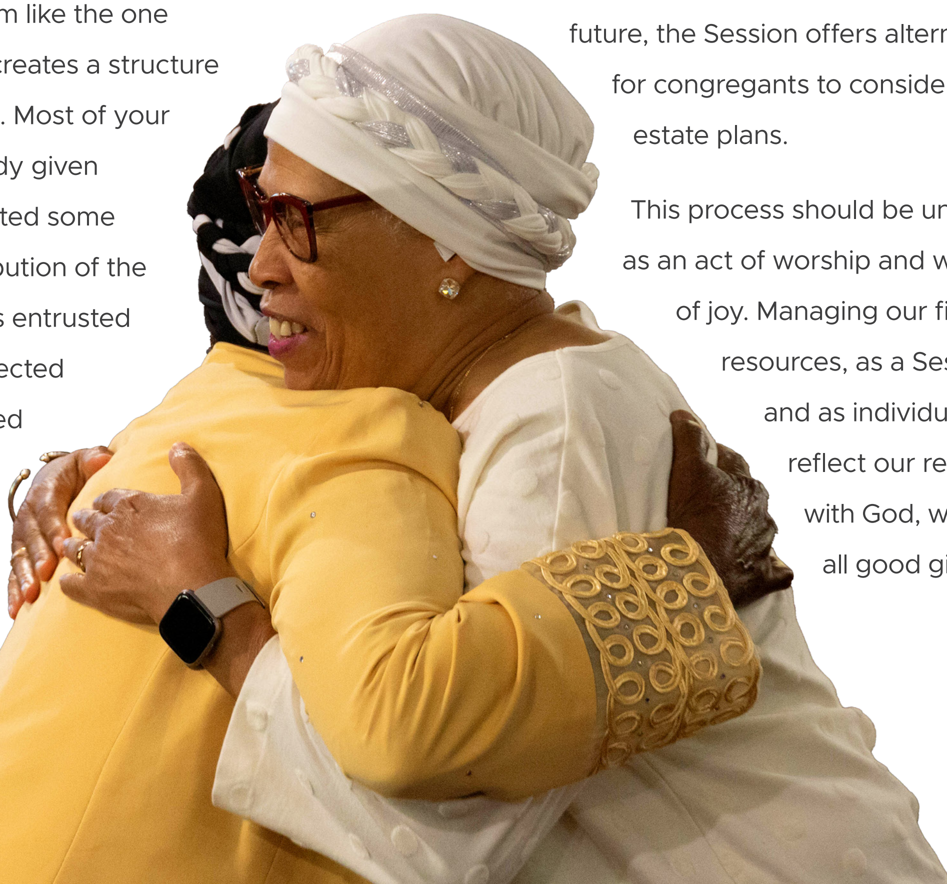
Jesus understood this and spoke often about the relationship between faith and money, about where our treasure is, about serving two masters. He knew that we need to approach our financial resources in a worshipful way – and that the way we feel about money can be both an obstacle and a gateway to a fuller relationship with God. Jesus may have talked so often about money precisely because he knew we don't want to talk about it, especially in church.

A Legacy Giving Program like the one described in this guide creates a structure for  those conversations. Most of your congregants have already given some thought and devoted some prayer to the final distribution of the gifts with which God has entrusted them. They have also elected elders through a Spirit-led process to provide for the present and future fiscal strength of the church.

Legacy giving is not about death – it's an affirming experience that celebrates the people, values, and goals that people cherish most. There is never one "right time" to talk about wills and legacy giving. When you make these conversations a regular part of the giving and stewardship conversation, it will become more natural for your leadership team to talk about wills and legacy giving, and for your congregation to overcome reluctance to think about them.

Through the creation of Legacy Giving Programs, the Session establishes a reliable source of income to address the needs of the church permanently while simultaneously supporting your congregants' estate planning process. By identifying initiatives that address needs in the church, both present and future, the Session offers alternatives for congregants to consider in their estate plans.

This process should be undertaken as an act of worship and with a spirit of joy. Managing our financial resources, as a Session and as individuals, should reflect our relationship with God, who provides all good gifts.



# What is a Legacy Giving Program?

A Legacy Giving Program provides wills and estate planning information and options such as endowments, charitable bequests, life insurance and retirement plan beneficiary designations, charitable trusts, real estate, stocks/bonds, and other assets to your congregants who want to include their church in their estate plans. Legacy Giving Programs are thoughtful and intentional ways in which members of your congregation can support ministries that are important to them, and provide long-term financial stability to the church. In this guide, we approach this process as an act of worship and recognition that all gifts come from God and work through us to achieve the kingdom of God on Earth.

## Legacy Giving Programs are usually started to support Initiatives and Endowments.

### What are Initiatives?

Initiatives address short-term needs, such as a new organ, a building project, or a vehicle for church use. Gifts to the initiative support that need and are intended to be spent in full for that purpose. Initiatives are temporary and the timeline should be clearly established when the initiative is created.

### What are Endowments?

Endowments are financial resources held by the church to provide long-term financial support for a specific purpose. The core resource – called either principal or corpus – is invested by the organization holding the endowment, and the income derived from those investments is used to support the purpose of the endowment. The corpus is never spent and lives in perpetuity. A Legacy Giving Program creates a way for members of the congregation to make estate gifts to their church in support of existing endowments or to create new endowments. The Session should create an investment committee to seek professional advice for managing the principal and establish a spending policy to guide the decisions. While endowments are often thought of in terms of property funds there are really three categories of endowments:

**PROPERTY**

**MINISTRY**

**PROGRAMS**

Each type of endowment achieves the goals of the donor and supports the permanent ministries of the church.

Additionally, churches and other organizations may undertake a capital campaign which can also be the recipient of a legacy gift. A capital campaign is a timed program to raise significant capital for major needs. Campaigns are commonly undertaken for building improvement or expansion projects. Successful campaigns are built on a compelling purpose, sound and honest prospect research, and a commitment by staff and volunteers.

## Leadership is critical

Who should be involved in the creation of a Legacy Giving Program at your church? What steps should you take to create one?

As is true of all successful initiatives, the greater the involvement of church leadership, the greater the likelihood of success. In a recent presentation, Mike Klinefelter, Regional Gift Planner for the Evangelical Lutheran Church in America, shared the following foundational elements of a successful church program.

- **Pastoral leadership**
  The pastor must be an advocate for planned giving; should speak about it openly and honestly; and should lead by example, including the church in estate planning.

- **Lay leadership**
  Members of church governing bodies should make a planned gift to the church and talk about those gifts in general terms with their fellow congregants.

- **Tell your own story**
  People give to what inspires them. Why does the church need money from planned gifts? What will be done with the money? Increasingly, donors expect and need transparency about how gifts will be spent to build trust and inspire gifts.

- **Money funds ministry**
  Ministry requires money. Your church may provide volunteers at the food bank, but the food bank has to purchase the food that is distributed (and has the network and buying power to multiply the impact of every dollar). Funding those initiatives is essential to creating the kingdom of God on Earth.

## Organizational steps

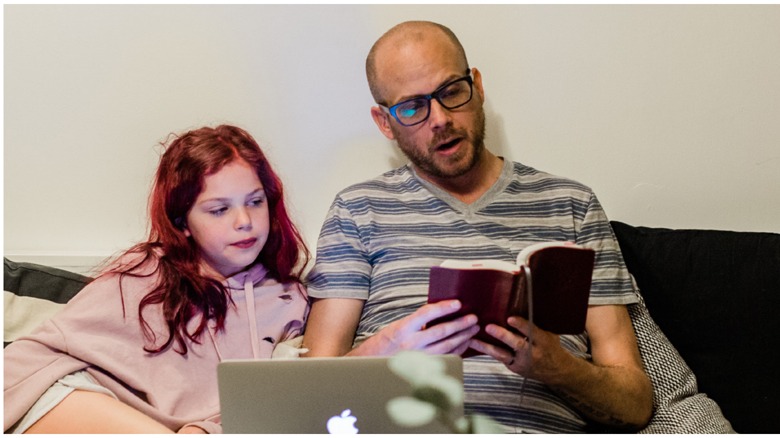
- **Create a Gift Acceptance Policy**
  If your church received an undesignated $100,000 bequest, would your Session agree on how to use that gift? A gift acceptance policy establishes the guidelines for receiving and using gifts in ministry. It also helps discern which gifts are not appropriate for the church.

- **Craft a specific ministry message**
  What do you do well? What do you strive to do? Be clear about ministry objectives.

- **Understand the interests and life stages of your congregation**
  Normalize planned giving by example, by honest conversation, and by policy. Give people a clear path to making a planned gift.

- **Build donor engagement with your ministry**
  Tell a compelling story. Do you have a good answer to this question: What are you doing the other six days of the week?

- **Stay the course**
  Planned giving is by definition a long-term process. It will not happen in a week. Expect the planning to take time.



# CHECKLIST **FOR ESTABLISHING A LEGACY GIVING PROGRAM**

**How do you get started? What should your Session do first?** We believe that asking "Why?" is more important than asking "What?" or "How?" It is essential that churches decide what their goals are in establishing a Legacy Giving Program before beginning to solicit gifts.

A mistake that many organizations make is establishing tactics before strategy. Donors supporting churches want to support projects and programs that are meaningful to them spiritually as well as financially. Dedicating the time and effort to defining those objectives and developing a consistent way to communicate about them is crucial to the success of a new program.

**People give for three reasons:**

- They believe in the mission.
- They trust the leadership.
- There is a track record of financial management.

Creating a plan with clear objectives gives donors the confidence to make a gift.

# Plan an Effective Program

- **Assemble Your Leadership Team**

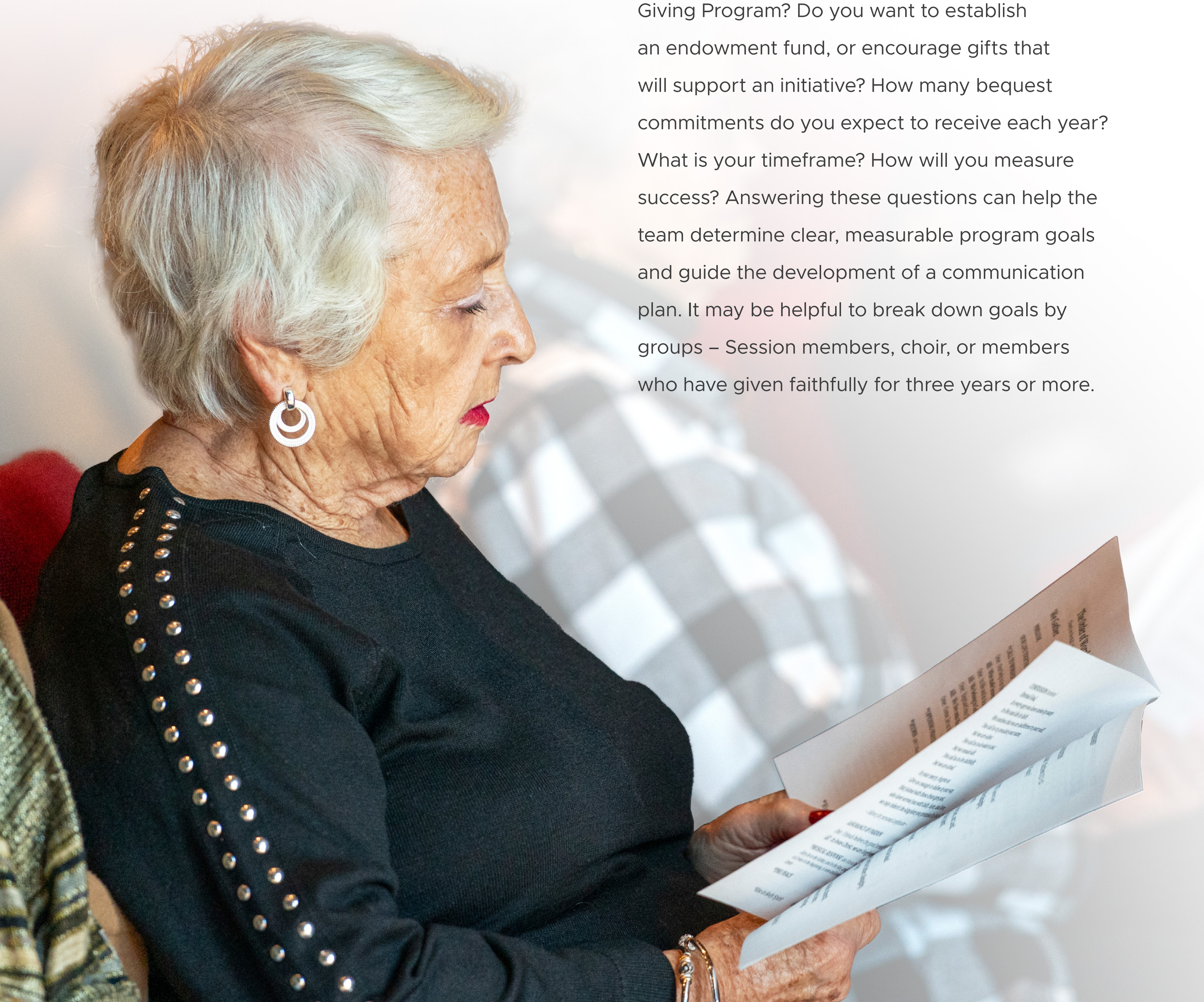
  Organize a program team to provide consistent leadership and clear communication. Involve people from your Stewardship Committee, and those who can be enthusiastic champions of the program to various segments of the congregation. Include a mix of skill sets and relevant experience. Be sure that the team represents your congregation in all its diversity and characteristics. Then, let the team take on the project and exercise ownership.

- **Create a Legacy Vision**

  People need to know how their gifts will be used to sustain and enhance the ministry of your church. Use the **Legacy Vision Worksheet** in this booklet to help the team create a compelling, passionate, ambitious, yet realistic statement of the future of your church's mission and how their estate gift will benefit the church for decades to come.

- **Set a Goal**

  What is it you hope to accomplish with a Legacy Giving Program? Do you want to establish an endowment fund, or encourage gifts that will support an initiative? How many bequest commitments do you expect to receive each year? What is your timeframe? How will you measure success? Answering these questions can help the team determine clear, measurable program goals and guide the development of a communication plan. It may be helpful to break down goals by groups – Session members, choir, or members who have given faithfully for three years or more.



- **Develop / Refine Gift Acceptance Policies**

  Do you have guidelines in place for the types of gifts that will be accepted? Do you know how gifts of securities or property should be addressed? How will these gifts be invested and used? These are crucial decisions that must be resolved in advance of launching a Legacy Giving Program. Meet with additional team members, and perhaps Session members, to explore these issues. It's also important to have a basic understanding of the legal and tax implications for different kinds of gifts from a donor perspective. These steps are an important part of this process. Your Ministry Relations Officer has sample gift acceptance policies.

- **Know Your Congregation**

  Knowing the age, marital status, income and education levels, length of membership, and leadership roles of your members is important, but you also need to understand their needs and desires for mission, as well as their giving patterns. People who make annual gifts at least three years in a row are more likely to make a bequest when asked. Understanding this kind of information can help you target your efforts and your communication to the most likely donors.

- **Determine Program Logistics**

  These are the nuts and bolts of how the team will launch and run the program. After defining your goals and the composition of your congregation, you can begin establishing your plan structure. How much time can you devote to this program? What will the meeting schedule be? What are the specific responsibilities of each team member? What is the timeframe for achieving goals, and what are the milestones along the way?

- **Create a Communication Plan**

  A communication plan is key to an effective program. It should include all intended means of communication, including a calendar of events and overall goals. Good communication is about more than mailings and asks. Set aside one day with your program team to brainstorm and plan various ways you can cast the vision for living forward and giving forward all year long. The **Communication Plan** in this guide offers tips. More tools are available on the Foundation's website.

- **Make Personal Contact**

  Have a plan to follow up with anyone who shows interest in making a gift, whether it is an immediate gift such as a permanent endowment fund or a deferred gift such as a charitable trust. A Presbyterian Foundation Ministry Relations Officer can work with members to help them realize their dreams for the church through their giving. Prospective donors should always be encouraged to seek the counsel of their attorney or financial advisor.

- **Recognize Donors**

  Recognition and gratitude are key elements in a Legacy Giving Program. Thanking donors may also encourage others to consider including a charitable gift in their estate plans. Be sure to respect the wishes of individuals who prefer not to be recognized publicly.

- **Grow Your Program**

  Once your Legacy Giving Program is established keep communicating with your congregation and keep it top of mind. Developing and implementing a program offers a multitude of opportunities for legacy giving and sharing.

# Overview of Gift Plans

**There are many vehicles and options for donors and churches to use in establishing Legacy Giving Programs and managing the funds over time. The following is a brief list; it is important to consult with qualified financial and legal advisors on the appropriate process for moving forward.**

- **Permanent Endowment Funds** – provide income in perpetuity to the church or a chosen mission. The fund can be established during the donor's lifetime or through a bequest.

- **Donor-Advised Funds (DAF)** – are like an online charitable checkbook and make giving convenient and flexible. An irrevocable gift, a DAF provides an opportunity to teach and share philanthropic values with children or grandchildren, and creates a legacy of generosity. The donor can fully manage the fund online, including making grant recommendations and additions to the fund.

- **Charitable Remainder Trust*** – allows the donor to make a future gift to the Church or its mission while receiving income during his or her lifetime. The trustee manages assets and makes payments to the income recipient. When the income payments end, the remaining trust assets become available for the work of the Church according to the donor's wishes.

- **Charitable Lead Trust*** – appeals to individuals who may be subject to a large estate tax. The charitable beneficiary named by the donor receives payments from the trust, usually for a set term of years. At the end of the term, the trust assets are returned to the donor's estate or passed on to heirs.

- **Charitable Bequests** – are made through a donor's will. A will can be written to accomplish a variety of needs, such as benefiting family and friends. It can also fulfill a desire to support a mission or program. Bequests can be made directly to the church or made to the Presbyterian Foundation to establish a permanent endowment fund to benefit the church.

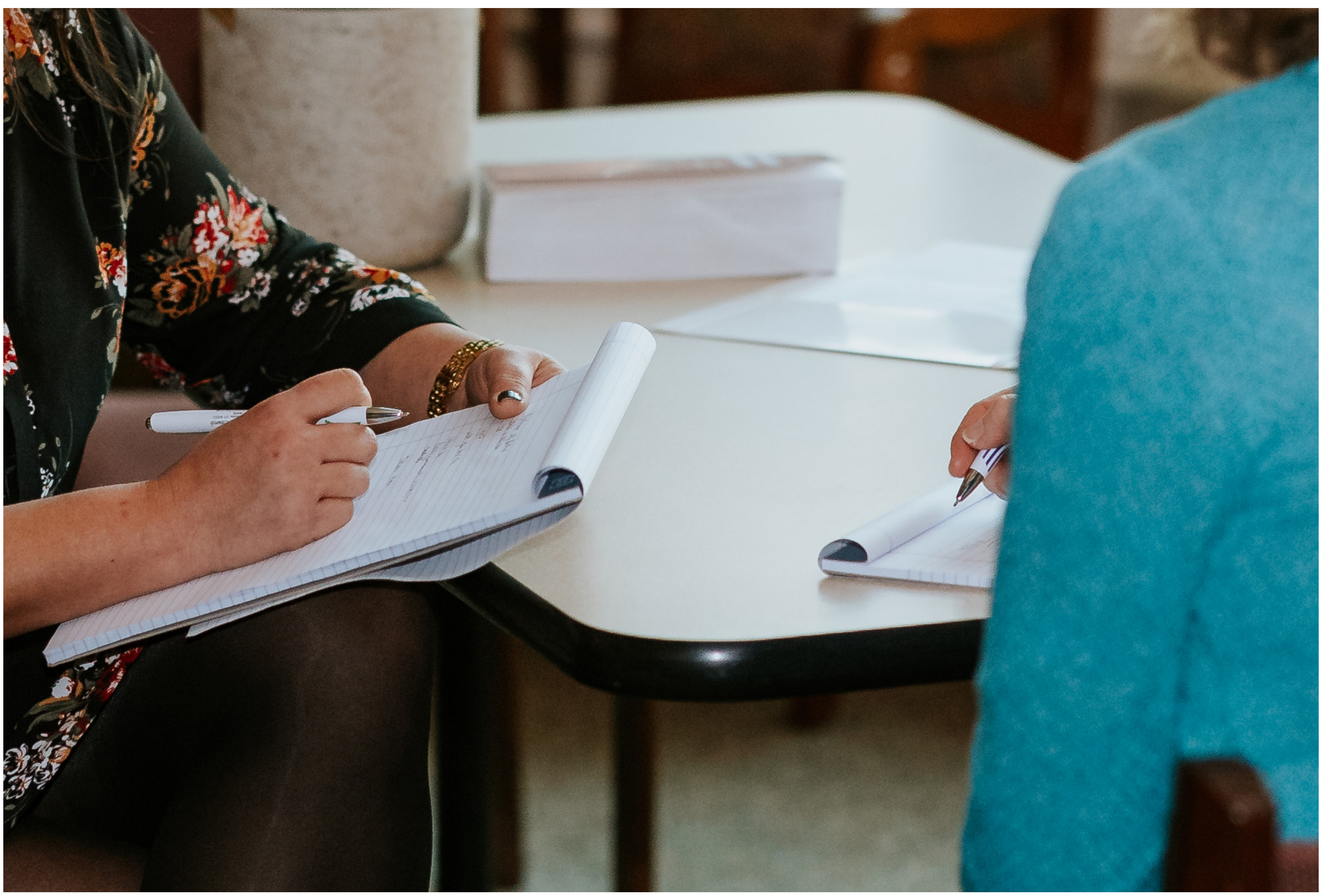
- **Real Estate** – can provide unique gift opportunities regardless of whether the property has increased or decreased in value. A donor may donate a home or other property that is no longer used or the donor does not wish to manage. A donor can also make a gift of a personal residence or farm property and still retain the use of it during his or her lifetime.

- **Pooled Income Fund** – are gifts pooled together and invested under professional management. The individual receives a share of the net income based on their share of the pool. After the individual's lifetime, that share is withdrawn from the pool to support the designated Presbyterian mission.

## Donors can also designate their church as a beneficiary of certain assets:

**Life Insurance** – Naming the church as the beneficiary of a life insurance policy may offer benefits, an opportunity to make a gift where other options are not feasible and allows a gift to pass outside of probate. Policies may no longer be needed or serve the purpose for which they were originally intended, such as a business that no longer exists, or for children or loved ones who may not need the additional income. A gift of life insurance may allow the donor to establish an endowment type gift that may not have seemed possible under other circumstances. For most policies, this is a simple online process.

**Retirement Plans** – These plans are increasingly important to charitable giving. Designating a charitable beneficiary for retirement account(s) such as IRAs, 401(k)/403(b), Keogh and others may reduce income and estate tax liabilities for the donor and his/her heirs. A donor may also establish a charitable trust during his/her lifetime using assets from a retirement account. As above, this is usually a simple online process.



# YOUR LEGACY **GIVING PLAN**

**It is important to include members of your congregation** at every stage of their lives in the conversation about estate planning and legacy gifts to the church.

While it may be tempting to think only about older – and wealthier – members of your congregation, remember that this is first a conversation about the stewardship of the gifts which God has entrusted to us.

Draft an inspirational legacy vision, in 300 words or fewer, that explains the need for bequests and legacy gifts and shows the difference that such gifts can make to build and protect the future of the church. Then incorporate this vision into your communication materials, messages, and presentations.

## Example vision statement

Making an estate gift is a joyful act of worship in response to God's gifts and a response to the honor of serving as steward of those gifts. These gifts serve the kingdom of God on Earth by providing permanent financial support for the ministry and mission of *[Name of church]*. The *[name of Legacy Giving Program]* includes two endowments which provide long-term financial support to two areas: capital/facility needs and Mission and Outreach.

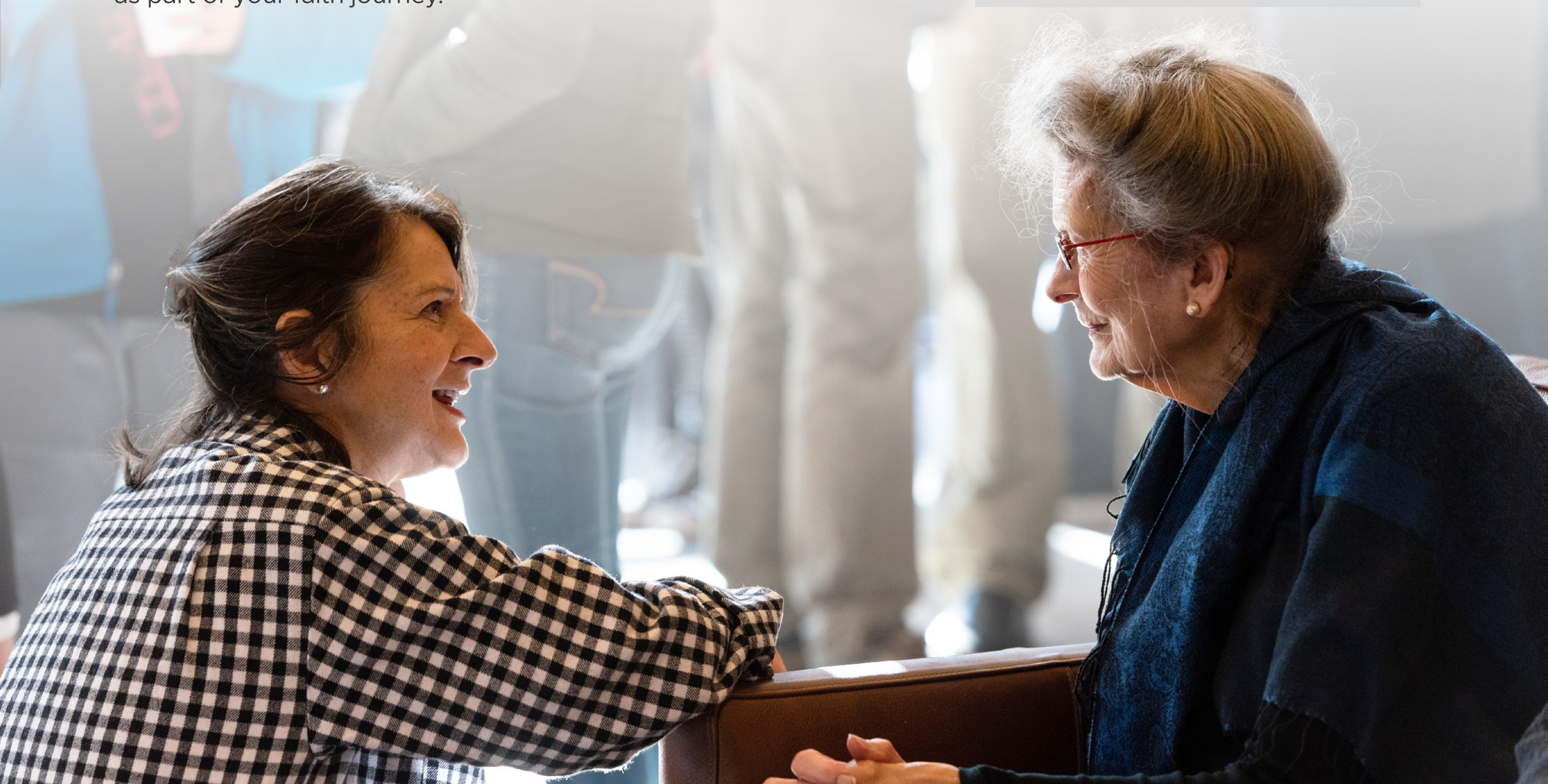
Gifts to either of these endowments increase the size of the principal and the interest income which supports the purpose of these endowments. In recent years, the property endowment has enabled us to renovate the Children's Ministry suite around the Godly Play curriculum. Godly Play, led by our Director of Christian Education, has brought new energy and focus to our children's faith education.

The Mission and Outreach endowment has provided income to support two organizations in our community: The Food Bank of *[name]* and the Homeless Shelter. By supporting these organizations, we live out the Matthew 25 charge to offer shelter and food to those in need, just as Christ did.

God has been good to us at *[name of church]*, and we are grateful for the grace extended to us. Thank you for considering an estate gift as part of your faith journey.

## These questions can help you get started

- How do you see your church's role in the community now? What do you want it to be?
- Is there a particular group or need that your church is committed to?
- How will your commitment grow or change in the future?
- Is there a group or need that is not being addressed yet?
- What would it look like for your church to begin to address it?
- How will gifts made in wills and other legacy gifts contribute to realizing this vision?



## Communication Plan

It is important to have a year-round communication plan. People make their wills and legacy gifts based on life events, not calendar events.

**The most common life triggers are:**

- **Marriage**
- **Purchase or sale of property**
- **Birth of a child**
- **Retirement**
- **Onset of serious illness**
- **Late in life to get affairs in order**
- **Significant change in financial situation**

## Share hope and joy from Scripture

Many Biblical passages underscore the joys of giving, our call to take care of God's Earth and people, and the promises of life to come.

- Choose one or two passages that truly speak to you and your congregation.
- Let the Holy Spirit work through those passages and you to help people see the importance and power their gifts could have on ministries closest to their hearts.

## Tell stories

People want to know that their donations will have an impact.

- Tell the stories behind the bequests that are making a difference to your church today.
- Let other givers share their stories about why they are choosing to bless the church with a legacy gift.

## Share these stories in multiple ways

- **Written** – In newsletters, bulletins, emails, donor letters, etc.
- **Testimonial** – Ask people who have made a commitment in their estate plans to share their stories during a sermon, minute for mission, workshop, or class. Also, put together short videos that can be shared on your website, online video channel and in emails. And there is no need for high production levels – video captures from a smart phone work just fine!

## Assure them they don't have to be wealthy

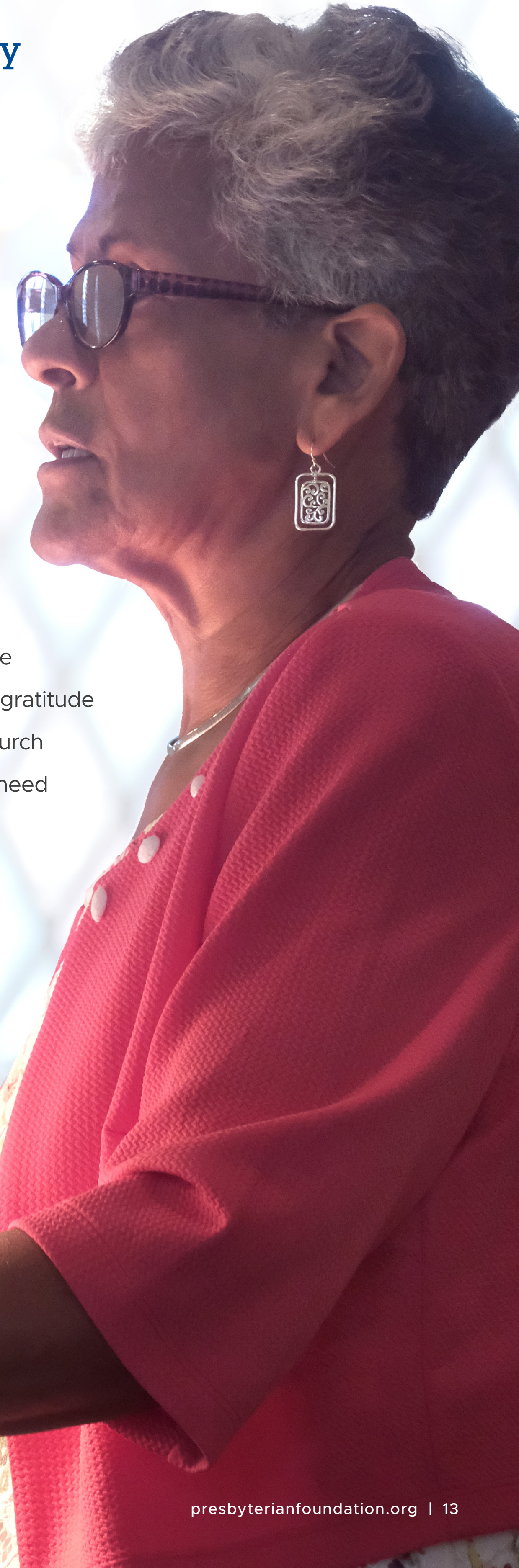
Many people assume that they need to be wealthy to make a bequest or legacy gift. While large gifts certainly help, they are the exception, rather than the rule. The widow's offering in Luke 21 reminds us that it's not the size of the gift, but the measure of faith it represents.

- Let people know they can give smaller amounts that will be invested so they'll grow over the years to come – and that it doesn't cost them anything now.
- Be sure they know they can give from other assets such as retirement accounts, life insurance, and real estate.

## Pray, then ask

Before approaching a member about making a legacy gift, pray. Pray for the guidance of the Holy Spirit. Pray that your words will be guided by God and that you will express the love of Christ in your time together. Remember that this is an act of worship, a joyful expression of gratitude for the gifts we have been given. Refresh yourself with the story your church is telling about the Legacy Giving Program and the particular areas that need support. Be familiar with the interests and faith experience of the person you are going to meet.

The primary reason people don't make bequests is that no one has ever asked them. When faithful givers are asked to make a bequest, most are quite likely to say yes. Those who serve on the Committee or who ask people about making a bequest should be people who have included the church in their own will and be prepared to discuss it.



## Say thank you!

Thank donors and prospective donors often. Follow-up on any contact you have, and thank them for their time, interest, input, and generosity.

If they decide to make a gift, write a personal note thanking them for that decision, and reinforce the vision they are supporting.

Ask donors if they wish to be publicly acknowledged, either through your recognition program, or by a notice in the bulletin or newsletter. Stay away from formal language and jargon. Make it simple, clear, and conversational.

## Legacy Giving Sunday

Legacy Giving Sunday is traditionally held on the first Sunday in May, but any Sunday you choose can be a launching point for your program. You can also plan a Legacy Giving Sunday several times a year. A larger legacy giving awareness campaign can be integrated into every Sunday.

## Communication planning

Schedule monthly social media posts with helpful and interesting information about wills and other legacy gifts, as well as the vision for your church's future. Send an annual bequest and legacy giving reminder letter to all church members. Follow up with a special letter to those who have been giving consistently for at least the past three years – they are most likely to make a bequest when asked.

**The following pages contain examples of letters and other personal communications that serve as templates for your use.**

Dear [Name],

Thank you for considering [name of church] in your estate plan. Doing so is an enduring act of faith in how our God is working through you and through our church, and we are grateful to you. Please reach out to us if you'd like to talk to someone at the church about creating your estate plan. We can connect you with the resources you need to make an estate plan that achieves your financial and spiritual goals.

The Psalmist tells us that “the Earth is the Lord’s and all that is in it.” We are stewards of God’s generous gifts to us in life and, in our estate planning, beyond our lives on this Earth. Our Session has created a Legacy Giving Program to receive and manage gifts given to advance the work of the kingdom.

Legacy gifts can take several forms. One form is an endowment gift which creates a principal amount which is invested, with the earnings designated to support a particular purpose. While most endowments support property, ministry, or programs, an endowment can be structured to align with your goals for the future support of our church.

- Property endowments support capital construction projects, facility maintenance, and emergency repairs.
- Ministry endowments provide financial support for pastors and church staff.
- Program endowments support mission and outreach, community engagement and educational programs.

If you are interested in an endowment gift to our church as part of your estate planning, our legacy planning team or your financial advisor can assist you.

Estate plans can also include support for initiatives, which are created by churches to address short-term needs, such as a new organ, a building project, or a vehicle for church use. Gifts to the initiative support that need and are intended to be spent in full for that purpose.

A third option to consider is a gift of cash, real estate, or securities. Gifts of real estate and securities are sold by the church and the proceeds used for your intended purpose. The best gifts are unrestricted, which allows for the congregation or ministry to use the asset or sell it to fulfill the needs at that time, although you may specify a particular purpose for your gift.

We understand that these are important decisions, informed by and reflective of a lifetime of faith. Thank you for everything you are doing to make this church and this community better for all of us. And thank you for considering making a gift that will make our world better — and more beautiful — for the next generation.

Sincerely,

[Signature]

## 2ND QUARTER

Add a bequest and legacy giving reminder to your Spring fundraising letter. It can be a short paragraph in the body of the letter, or included as the P.S.

Dear [name],

We are called to be disciples, to be those who spread the word and love of Christ through our daily lives and in our life in the church. Our church's ministries provide the structure by which we carry out that discipleship. You can provide enduring support for those ministries through your estate planning.

There are several ways to support our ministry in your estate planning. One simple way is to make the church a beneficiary of your life insurance or retirement plan. In most cases, this can be done online in just a few minutes; you can put in writing with us which ministry you would like this gift to support.

An endowment gift creates a principal amount which is invested, with the earnings designated to support a particular ministry, such as children, youth, music, or pastoral staff. If you are interested in making an endowment gift to our church as part of your estate planning, our legacy planning team or your financial advisor can assist you.

A third option to consider is a gift of cash, real estate, or securities. Gifts of real estate and securities are sold by the church and the proceeds used for your chosen ministry. The best gifts are unrestricted, which allows for the congregation or ministry to use the asset or sell it to fulfill the needs at that time, although you may specify a particular purpose for your gift.

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Thank you for considering the church in your estate planning.

Sincerely,

Signature

### 3RD QUARTER

Include a “lift note” with your fall fundraising letter. A lift note is a secondary letter included with the main mailing. It should be shorter than the letter, more casual in look and tone, and come from a different writer, such as someone who has recently planned a bequest or legacy gift and wants to encourage others to do so, or someone who has benefited from a bequest.

### 4TH QUARTER

Include a bequest reminder in your end-of-year donor newsletter or annual thank you letter. It can be a short story of how a bequest has benefited your church or a simple thank you for those who have left a gift to the church in their estate plan.

We are called by the Psalmist to acknowledge the source of all good gifts and by Christ to use those gifts in furtherance of the kingdom on Earth. Elders are charged with making decisions about the financial condition of the church. These decisions should be approached with prayer and with an openness to the voice of the Holy Spirit. The Presbyterian Foundation has resources and staff to assist in the creation of a Legacy Giving Program.

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200 E 12th Street, Jeffersonville, IN 47130
800-858-6127    presbyterianfoundation.org