LEAVING A LEGACY GUIDEBOOK

A guide to planned gifts for members of the Great Plains Conference.

NEBRASKA UNITED METHODIST FOUNDATION
100 W FLETCHER AVE, STE 100 | LINCOLN, NE 68521 | TF: 877.495.5545 | O: 402.323.8844 | NUMF.org

Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.

2 Corinthians 9:7

DO YOU NEED AN ESTATE PLAN?

DO YOU OWN PROPERTY? A HOME, A CAR, A BANK ACCOUNT, INVESTMENTS, BUSINESS INTERESTS, A RETIREMENT PLAN ACCOUNT, COLLECTIBLES, OR OTHER PERSONAL BELONGINGS? IF YOUR ANSWER IS YES, THEN YOU NEED AN ESTATE PLAN.

AN ESTATE PLAN ALLOWS YOU TO DIRECT HOW AND TO WHOM YOUR PROPERTY WILL BE DISTRIBUTED AFTER YOUR DEATH. IF YOU HAVE NO ESTATE PLAN AT ALL, YOU RUN THE RISK OF YOUR PROPERTY BEING DISTRIBUTED ACCORDING TO YOUR STATE'S INTESTACY LAWS WITHOUT REGARD TO YOUR DESIRES.

TABLE OF CONTENTS

Estate planning is an ongoing process. For a young single person, an estate plan may consist of simply a Will. A couple starting out might have Wills and own a modest home and have accounts in their joint names. When children arrive, naming a guardian and arranging to provide for them in the event of unexpected death or incapacity become estate planning concerns. And, once an individual starts to realize his or her financial goals, asset preservation and avoiding taxes can become important factors in estate planning.

The information that we have provided in this Guide will show you the importance of estate planning and the tools and strategies available to help you, your loved ones' futures and the charities that you wish to support along with the hope of keeping taxes at a minimum.

We recommend you obtain the professional counsel of an attorney who specializes in probate and estate planning. If you are considering a gift to the Foundation or your church, we will be glad to help you and your attorney design the best plan for your wishes, financial circumstances, and tax concerns.

Contact the Nebraska United Methodist Foundation for questions or to discuss how you can leave a legacy. Call us toll-free at 877.495.5545 or visit our website at NUMF.org for more information. We look forward to being 'Your Partner in Ministry.'

SETTING THE FOUNDATION

PRELIMINARY CONSIDERATIONS

The first step in estate planning is building your estate. You may want to take the time to review your financial plan to see how well it is meeting your current objectives. Will your financial plan continue to meet your future needs and can you improve your investment program so that it will better build the estate you desire? The answers to these questions will help you make those important decisions.

CONSERVING YOUR ESTATE

Conserving the assets that you have built over a lifetime is an important part of estate planning. Taxes, inflation and unanticipated expenses can diminish the value of your estate. To protect the value of your assets, you need to plan for unexpected expenses, such as a prolonged illness, for anticipated but out-of-the-ordinary expenses, such as retirement or a child's education, and for ordinary living expenses, taxes and inflation. Otherwise your estate plan may not accomplish your objectives.

WHY YOUR WILL IS SO IMPORTANT

A Will is the foundation of estate planning. If you don't have a Will, we strongly recommend that you make one. A Will is a way to be sure all of your property will go to those relatives, friends, and organizations you care about the most. Without a Will, the state will decide who gets what without consulting anyone or considering the special needs and financial circumstances of your particular situation.

Your Will allows you to give specific possessions and amounts of money in various proportions to your spouse, children, relatives, friends, your church and other charitable organizations. Also, your Will allows you to choose an executor who is capable of settling your estate. Make sure that you review it regularly to ensure it is still what you want. After your Will is written, you have the right to revoke and replace the document at any time for any reason.

A WILL IS A POWERFUL PLANNING TOOL WITH MANY BENEFITS:

- Protect your family by making provisions to meet their present and future financial needs
- Minimize taxes that might reduce the size of your estate
- Name an experienced executor or personal representative who will ensure that your wishes are carried out
- Name a guardian for your minor children
- Establish trusts to manage the inheritances of any beneficiaries who may be minors or are otherwise inexperienced in asset management
- Make sure your assets will be managed prudently (by appointing a qualified trustee of a trust created in your Will, for example)
- Avoid the delays and the added expense that intestacy proceedings may involve
- Secure the peace of mind of knowing your family and other heirs will be well taken care of according to your desires

CHOOSING AN EXECUTOR

WHEN YOU WRITE YOUR WILL, YOU'LL NEED TO NAME AN EXECUTOR OR PERSONAL REPRESENTATIVE. YOUR EXECUTOR WILL ADMINISTER YOUR ESTATE AND DISTRIBUTE YOUR ASSETS TO YOUR BENEFICIARIES, AS YOU'VE DIRECTED.

You can choose almost anyone who is an adult and is legally competent to serve as executor – your spouse, sibling, friend, business associate, or financial or legal advisor, for example. You can also name a corporate executor, such as a bank trust department.

Before choosing someone to serve as your executor or personal representative, give serious consideration to how well he or she will be able to handle these duties and responsibilities.

DUTIES OF AN EXECUTOR OR PERSONAL REPRESENTATIVE

The terms executor and personal representative are interchangeable and vary from state to state. The duties and responsibilities, however, are basically the same. An executor generally:

- Collects and provides safekeeping of the estate's assets
- Sells assets, as directed by the Will or required by State law, to pay estate expenses or legacies
- Collects any sums owed the estate
- Files claims for retirement plan benefits, Social Security benefits, and veterans' benefits
- Manages the estate's assets
- Notifies creditors and pays all valid debts
- Keeps records of all estate transactions and submits records to beneficiaries and/or probate court
- Distributes assets to beneficiaries
- Files the decedent's final federal income tax return
- Chooses a tax year for the estate
- Completes and files the estate's income tax returns and the federal estate tax return
- Files state death tax returns

AVOIDING PROBATE

People who have never served as an executor frequently don't know what they are getting into when they agree to serve and subsequently find themselves overwhelmed by the duties required of them. So, although you have wide latitude in whom you can select, you may want to give serious consideration to naming a professional as your executor or naming a professional to serve as co-executor with a family member or friend.

IS IT POSSIBLE TO AVOID PROBATE?

Despite what you may have read or heard, a living trust can't always fully replace a Will. Neither is trying to place all of your property in joint ownership with your spouse an effective replacement for a Will. You'll find it difficult to transfer all of your property to a trust or title all of your property in both you and your spouse's names. Any property you miss will be distributed under state intestacy laws if you die without a Will.

However, living trusts and joint ownership each have a place in many estate plans, for several reasons. One popular reason is to avoid probate. Probate is the court supervised process of proving and administering a Will. This process is often time consuming and can be expensive, depending on the size and complexity of your estate. Probate also exposes your assets to public scrutiny. When your Will is probated, its terms generally become public record.

LIVING TRUSTS // A living trust is probably the best strategy to avoid probate and protect your financial privacy. A living trust is a legal agreement under which you transfer assets to the trust to be managed by a trustee for the benefit of one or more people, generally you and your spouse. The trustee is responsible for administrating the trust and managing the trust assets. You can serve as your own trustee during your lifetime or you may want to choose another person or organization to serve as your trustee.

A living trust can hold all types of assets – from your investment portfolio to collectibles to your closely held business. Unlike your Will, a living trust is not a matter of public record. If your trust agreement provides for your trust to continue after your death, the assets in the trust at your death will escape probate and any ensuing publicity.

POUR OVER PROVISIONS // You can also use a living trust to unify your estate's assets under one manager and provide continuing asset management for your family and other heirs after you're gone. In your Will, you can direct any assets not held in your living trust be "poured over" to the trust at your death to be managed along with the other trust assets. However, your assets placed in the trust at your death, will be subject to probate.

JOINT OWNERSHIP // Property you and your spouse own jointly with rights of survivorship will pass privately to your spouse outside of probate at your death. Using joint ownership for the family home and a modest bank account or investment portfolio is a simple way to help your family's lives go on as normally as possible while your estate is being settled. Be aware that using joint ownership precludes the use of other estate planning techniques that may help to save estate taxes and may have other ramifications for your estate plan.

COMMUNITY PROPERTY // Community property doesn't pass automatically to your spouse. If your state has a community property law, you and your spouse each own a one-half interest in assets acquired during your marriage.

So, when one spouse dies, the survivor continues owning half of the assets. The deceased spouse needs a Will to transfer the other half. Also, during your marriage, you may have acquired assets that you own separately – gifts and inheritances. You need a Will to determine what will happen to this non-community property.

BENEFICIARY DESIGNATION // You may have significant assets that can pass outside of probate by beneficiary designation rather than by Will. Life insurance proceeds, qualified retirement plan benefits, annuities and individual retirement accounts can go directly to beneficiaries instead of through probate. Check to make sure you've designated beneficiaries and secondary beneficiaries.

THE WORTH OF YOUR ESTATE

MOST PEOPLE DO NOT HAVE ANY IDEA WHAT THEIR ESTATE IS WORTH. THE FOLLOWING WORKSHEET WILL HELP YOU BETTER UNDERSTAND THE VALUE OF YOUR GROSS ESTATE.

(NOTE THAT OTHER TERMS ALSO MAY BE INCLUDED)

ASSETS	MARKET VALUE
Certificates of Deposits, Money Market Accounts, and Other Cash	$ ____________________
Stocks, Bonds, and Mutual Funds	$ ____________________
Mortgages and Other Debts Owed To You	$ ____________________
Other Investments	$ ____________________
Employer-Sponsored Retirement Plan Benefits	$ ____________________
Individual Retirement Accounts	$ ____________________
Personal Residence	$ ____________________
Vacation Home/Timeshare	$ ____________________
Other Real Estate	$ ____________________
Business or Partnership Interests	$ ____________________
Life Insurance Proceeds	$ ____________________
Automobile and Recreational Vehicles	$ ____________________
Jewelry	$ ____________________
Collectibles	$ ____________________
Other (furniture, personal belongings, etc.)	$ ____________________
TOTAL GROSS ESTATE	$ ____________________

SO, ARE YOU WORTH MORE THAN YOU THOUGHT? IF YOU'RE MARRIED, YOU MAY BE IN FOR AN EVEN GREATER SURPRISE. CALCULATE WHAT YOUR ESTATE WOULD BE WORTH IF YOUR SPOUSE DIED FIRST AND ALL OF HIS OR HER ASSETS ARE ADDED TO YOURS.

HOW CAN WE HELP YOU HELP OTHERS?

HOW TO PLAN YOUR GIFT

Your United Methodist Church, the Foundation, and future generations of United Methodists need and seek your support. There are a variety of plans for giving that may be of special interest to you. Each of these plans is designed to provide you with personal financial benefits.

Most plans assure you a current income tax deduction. All plans reduce your taxable estate, and many plans allow you to avoid capital gains taxes. Some plans pay you an income for life. There are even plans that let you enjoy the use of a gift, such as your home, for your lifetime.

However, the most important reason for considering a gift to the Foundation in support of your church or another United Methodist entity is your desire to share your life's blessings in true stewardship and generosity of God's gifts.

At the Foundation, we understand that your own financial needs and those of your family come first. We encourage you to explore the possibilities and opportunities for creative gift planning that are discussed here. With your legal and tax advisors, we can help you create a plan that suits your personal circumstances and blends your philanthropic giving with your financial needs and tax planning.

CASH, SECURITIES, AND PERSONAL PROPERTY

Gift of Cash – This is the simplest way to give, but it is a good idea to know the basic rules. You can deduct a cash gift for income tax purposes in the year it is contributed.

Gift of Securities – If you contribute long-term securities (owned at least one year), you receive a charitable deduction for the full, present fair market value, and no capital gains tax on the appreciation.

Gift of Tangible Property – Maybe you would like to contribute an art object, prized collection, or antiques. Such tangible personal property is subject to special IRS rules. This kind of gift generally is deductible, but there are IRS rules unique to such gifts.

REAL ESTATE

If you have been thinking about making a substantial gift to your church or the Foundation, perhaps you should consider real estate. Your personal residence, farm, vacation home, commercial property, or parcel of undeveloped land might be the most practical asset to gift.

A present or future gift offers you the opportunity for valuable income tax and estate tax savings. You can also free yourself of burdensome management and the problems involved in selling the property or leaving it to estate liquidation.

When you give your home or other real estate to your church or the Foundation, you are returning to the Lord that which He entrusted to you during your lifetime. Your personal satisfaction is complemented by valuable tax benefits.

CHARITABLE GIFT ANNUITY

A charitable gift annuity will pay you (and a survivor, if desired) a fixed dollar amount when you make an irrevocable gift to further the Foundation's mission. You will receive a charitable income tax deduction for the gift portion of the annuity. The pay-out is determined by your age at the time of your contribution. The older the person, the higher the rate. The rate remains constant once the gift is made and a portion of the payment may even be tax-free.

IF YOU ITEMIZE DEDUCTIONS, YOU CAN TAKE A CHARITABLE DEDUCTION FOR PART OF THE VALUE OF YOUR GIFT WHEN YOU FILE THAT YEAR'S INCOME TAX RETURN.

Persons not yet of retirement age may choose to have payments deferred until a later date, such as at the time they retire. You make the contribution now, securing a current income tax charitable deduction, and the Foundation agrees to pay you a guaranteed life income starting at any date you select. This is especially advantageous if your tax bracket is higher now than it will be later. In addition, the annual income rate is considerably higher when payments begin.

A charitable gift annuity is a gift that gives individuals a guaranteed, attractive retirement income with no investment worries or responsibilities. It also provides a way for you to make a special and enduring gift when the remainder becomes available following your lifetime.

LIFE INSURANCE

If you are thinking about making a gift to support your local church through the Foundation, a life insurance policy you already own could be the most sensible way to make such a gift. When you no longer need the protection of your life insurance, a gift of the policy to the Foundation for the future support of your church or a designated United Methodist ministry will strengthen the Foundation's work and save you taxes. Considering a gift of insurance to your church or the Foundation now will support God's work following your lifetime.

UNITRUSTS AND ANNUITY TRUSTS

A Unitrust offers the opportunity to create your own investment program. You establish a unitrust to provide yourself a life income. The amount you receive is a set percentage of the current value of the unitrust, determined annually. After your lifetime, the principal of your trust passes to the Foundation for administration or distribution to fulfill your desire to support God's work.

To create this plan, you irrevocably transfer cash, securities, or real estate to a unitrust that can be professionally managed. The trust then pays you an income for life. In the year you create and fund a unitrust, you receive a sizable income tax deduction.

An Annuity Trust is similar to a unitrust with two primary exceptions. Through an annuity trust, you can receive a known annual income that is determined at the outset. As with a unitrust, after your lifetime, the principal of your trust comes to the Foundation and is then distributed according to your wishes as an enduring contribution to further God's work. Unlike a unitrust, future contributions cannot be made to an annuity trust.

CHARITABLE LEAD TRUSTS

There is a way to pass assets to your family with significant estate tax savings, while at the same time making a gift. It is called a Charitable Lead Trust. A lead trust allows you to give your church income from certain assets for a number of years and then have the principal given to your family – or returned to you – after a predetermined number of years.

If you have a substantial estate and you anticipate high federal gift and estate taxes, the lead trust is meant for you. The trust property can be passed down to your children, grandchildren, and others either entirely free of, or at greatly decreased, gift and estate taxes.

A lead trust offers you a good way to carry out your philanthropic plans using money that might otherwise be expended largely on taxes. Plus, you keep ultimate control of the trust assets within the family.

RETAINED LIFE ESTATE

You can make a current gift of your home and receive a charitable deduction even though you continue living there.

In addition to the right to live in your home, you retain the right to rent it or make improvements. You continue to have responsibility for maintenance, insurance, and property taxes.

When you give your home, farm, vacation home, condominium, or stock in a cooperative housing corporation to the Foundation, you create a tangible and enduring testimonial to your life and to the Foundation's mission.

DONOR-ADVISED FUND

A donor-advised fund, or DAF, is a philanthropic vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time. An easy way to think about a donor-advised fund is like a charitable savings account: a donor contributes to the fund as frequently as they like and then recommends grants to their favorite charity when they are ready. The Foundation will care for the fund, and administer the distributions.

How A Donor-Advised Fund Works:

1. You make an irrevocable contribution of personal assets.
2. You immediately receive the maximum tax deduction that the IRS allows.
3. You name your donor-advised fund account, advisors, and any successors or charitable beneficiaries.
4. Your contribution is placed into a donor-advised fund account where it can be invested and grow tax-free.
5. At any time afterward, you can recommend grants from your account to qualified charities.

RETIREMENT PLAN ASSETS

If you expect to have assets in a retirement plan, this can be the best source for a gift to the Foundation to eventually benefit the ministry of your choice.
The principal advantage of donating retirement plan assets is the avoidance of income taxes as well as estate taxes. Since the funds in a qualified plan usually represent deferred compensation, giving the assets to individual heirs may trigger a total effective marginal tax rate that is incredibly steep.

After your lifetime, the undistributed balance in a retirement plan account will have to be distributed and taxed to someone else, whether to your estate or to an heir. Because a charitable organization such as the Foundation is tax exempt, the deferred income in your qualified retirement plan account may never be taxed when you name the Foundation as beneficiary.

To leave the balance of a retirement account to the Foundation after your lifetime, simply advise the plan administrator of your wish and sign whatever form is required. If you prefer to make your spouse the primary beneficiary of the account, you can name the Foundation as the secondary beneficiary.
Perhaps you want your children to benefit from your retirement account, too. In that case, you designate a specific amount to be paid to the Foundation before the division of the rest among your children. Persons wishing to gift retirement plan assets are strongly encouraged to consult their professional advisors.

BUT REMEMBER THE LORD YOUR GOD, FOR IT IS HE WHO GIVES YOU THE ABILITY TO PRODUCE WEALTH...

DEUTERONOMY 8:18

CHOOSING YOUR GIFT

YOUR GOAL	YOUR GIFT	HOW TO MAKE GIFT	YOUR BENEFITS
Make a quick and simple gift	**Outright Gift**	Donate cash, securities, or personal property	Income tax deduction; avoidance of any capital gains tax
Defer a gift until after your lifetime	**Bequest in Will**	Name your church or favored cause in your will	A donation exempt from federal estate taxes
Make a large gift with little cost to yourself	**Life Insurance Gift**	Give an old or new policy with your church or favored charity named as beneficiary	Current income tax deduction; possible future deductions
Avoid the twofold taxation on retirement plan assets	**Retirement Plan Gift**	Name your church or favored cause as beneficiary of all or part of the remaining assets after your lifetime	Avoidance of heavily taxed gift to heirs
Avoid capital gains tax on the sale of a home or other real estate	**Real Estate Gift**	Donate the property or sell it at a bargain price	Immediate income tax deduction and avoidance of capital gains tax
Give your personal residence or farm, but continue to live there	**Retained Life Estate**	Designate the ownership of your home to your favored cause, but retain occupancy	Charitable income tax deduction and lifetime use of home
Secure a fixed and often improved income	**Charitable Remainder Annuity Trust**	Create a charitable trust that pays you a set income annually	Immediate income tax deduction and fixed income for life
Create a hedge against inflation over the long term	**Charitable Remainder Unitrust**	Create a trust that pays a percentage of the trust's assets, valued annually	Immediate income tax deduction, annual income for life that has potential to increase
Supplement income with fixed annual payments	**Charitable Gift Annuity**	Enter into a contract that pays you fixed payments annually	Current and future savings on income taxes; fixed payments for life
Reduce gift and estate taxes on assets passing on to heirs	**Charitable Lead Trust**	Create a trust that pays a fixed or variable income to your favored cause for a set term and then remainder passes to heirs	Reduced size of taxable estate; keeps property in family, often with reduced gift taxes
Make a gift that allows flexibility and your input on how funds will be used	**Donor-Advised Fund**	Create an agreement where the Foundation manages assets, you suggest beneficiaries	Immediate income tax deduction, option to provide input on how funds will be used

TITHE YOUR WILL

The final distribution of your life's accumulation is your greatest act of stewardship. Prepare your estate plan now and include a gift to your church and/or other United Methodist ministries.

Suggested wording to discuss with your attorney:

OPTION 1

I give and bequeath to the Nebraska United Methodist Foundation, a not-for-profit corporation, located in Lincoln, Nebraska _____ percent of my gross estate, for the benefit of [name beneficiary here: local church, ministry, camp, or the Foundation].

OPTION 2

I give and bequeath to the Nebraska United Methodist Foundation, a not-for-profit corporation, located in Lincoln, Nebraska the sum of $______to be used for the benefit of [name beneficiary here: local church, ministry, camp, or the Foundation].

OPTION 3

All the rest, residue, and remainder of my estate, both real and personal, I give, devise, and bequeath to the Nebraska United Methodist Foundation, a not-for-profit corporation, located in Lincoln, Nebraska, to be used by its Board of Directors as deemed advisable within its corporate powers for the benefit of [name beneficiary here: local church, ministry, camp, or the Foundation].

Five Hearts
LEGACY SOCIETY

WITH YOUR PLANNED GIFT TO THE NEBRASKA UNITED METHODIST FOUNDATION, YOU WILL BECOME A LIFE MEMBER OF THE FIVE HEARTS LEGACY SOCIETY, A MEMBERSHIP PROGRAM COMPRISED OF OTHERS, JUST LIKE YOURSELF, WHO HAVE REMEMBERED THE FOUNDATION OR ONE OR MORE OF OUR UNITED METHODIST CHURCHES OR MINISTRIES THROUGH THEIR ESTATE PLANS. IN ADDITION, A COMMITMENT OF $5,000 OVER A FIVE-YEAR PERIOD TO ENHANCE THE FOUNDATION'S WORK WILL ALSO WELCOME YOU INTO THE SOCIETY.

FOR I KNOW THE PLANS I HAVE FOR YOU, PLANS TO PROSPER YOU AND NOT TO HARM YOU, PLANS TO GIVE YOU HOPE AND A FUTURE.
JEREMIAH 29:11

QUESTIONS AND ANSWERS

Q: Can I make a gift to my church through the Foundation?
A: Absolutely. The Foundation accepts many types of gifts on behalf of United Methodist Churches and other ministries of our Annual Conference.

Q: Are there advantages to making my gift to or through the Foundation?
A: Yes. The majority of gifts to the Foundation in support of Nebraska United Methodist churches or other ministries are bequests and gifts that provide lifetime income for the donors. In nearly all instances, the issues of tax-savings, tax form filings and reports, proper receipts, income payments to donors, investment of gifted funds, and numerous other factors make the Foundation the logical choice to administer such gifts.

Q: What services does the Foundation provide to Nebraska United Methodist churches and other agencies?
A: Primarily, the Foundation's services fall into three categories:
1. Assisting church members and others who wish to share their life's blessings in support of God's work but aren't sure if, how, or when to do so.
2. Providing investment and account administration services for United Methodist churches and agencies. The Foundation invests, as much as possible, in accordance with the Social Principles of the United Methodist Church.
3.Distributing funds to individuals, churches, and other United Methodist ministries in the form of seminary and local pastor scholarships, new church grants, and ministry grants, consistent with donors' wishes and in support of God's work within the Great Plains Conference.

NOTES:

For more information, contact:

NEBRASKA UNITED METHODIST FOUNDATION
100 W. Fletcher Ave., Ste. 100 | Lincoln, NE 68521
877-495-5545 | 402-323-8844
info@numf.org | www.numf.org