

Teach church members how to give from their estates

Planned giving can lower taxes and afford the church a substantial amount of money.

America is in the midst of the largest wealth transfer in history. Researchers at Boston College conservatively estimate that \$41 trillion will transfer through settled estates during the 55-year period from 1998 to 2052. Churches can capitalize on the opportunity presented by this huge wealth transfer by pursuing a strategic planned giving program.

Given these unprecedented statistics and the opportunity to simultaneously minister to members while strengthening the financial future of the organization, why is the local church largely passed over when it comes to charitable trusts and planned giving?

When committed supporters of any charity are taken through the estate planning process from a stewardship perspective, charitable giving comes naturally. Donors merely extend the same stewardship principles to their estate that they exercise during life. For most donors, such giving is not driven by huge tax advantages, but rather by a blended desire of demonstrating stewardship to their heirs and perhaps a recognition that "more is not necessarily better" when it comes to leaving money to children.

Of course, most congregations have a few members with more complex problems that result from owning a business, a family farm or other real estate. For these people, planned giving takes on the added dimension of saving astounding amounts of dollars in unnecessary taxes. It is not unusual to reduce estate taxes by more than 80 percent for someone who faces an estate tax at the death of the surviving spouse. In those instances, there are not only the stewardship and family issues, but also the added benefit of saving a member a large sum of money in taxes.

They don't give because they don't know

So why do such members include other nonprofits in their estate plans, but overlook the place they may have worshipped for many years?

First, most church leaders do not understand planned giving or view it as "just another method of fund raising" rather than seeing it as a ministry to their members. Therefore they simply don't discuss it. But there are financial rewards for talking to their members about it, and those rewards come in the form of helping members fulfill

their goals for family while reducing or eliminating taxes.

Second, many pastors are concerned with too much talk about money. When it is occasionally discussed, the focus is on cash rather than "all." The typical American has 9 percent of his net worth in cash and 91 percent in other assets, including home, life insurance and IRA. These assets are not accessible by the member for gifting during his lifetime because they are being used, but they are perfect gifts in the estate.

Failing to address such gifts and the stewardship of all assets shortchanges both the church and the member. In nearly every congregation a few individuals have larger estates with more at risk, more to gain and more to offer from cutting edge planning.

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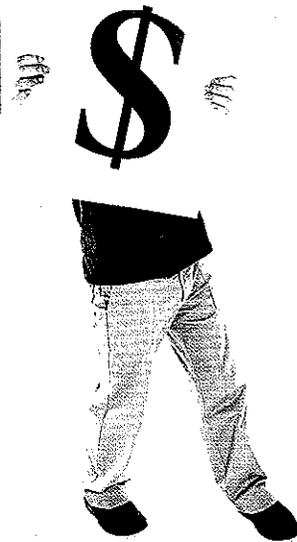
Third, how do you overcome inertia? How do you get started? Why do speed bumps frequently cause a stop? And finally, what do you do if someone actually says he is interested in gifting something like stock in his company or a rental house to the church?

Implement a plan

Parachurch organizations, colleges and mission agencies have been doing planned giving for more than 100 years, but very few local churches can point to a successful track record in this field. One of the few exceptions is Calvary Baptist Church in Winston-Salem, NC. Calvary Baptist began the process about five years ago and has launched a foundation to serve its members, and created future gifts through estates and trusts exceeding \$11 million dollars. To accomplish this it has offered seminars, bulletin inserts on Sunday mornings and a planned giving section on its Web site.

"The enormous wealth that now exists in this country is not

By Greg Ring



concentrated in the treasuries of an aristocracy, the fortunes of corporations, or the vaults of government. It exists in large part in the savings and assets of a generation that endured a severe depression, sacrificed life in a global war, built our infrastructure, and now fills the pews of our churches," Don Mann, Calvary's pastor for development, says.

Mann has guided senior staff and the board through a process that engages their collective wisdom and life experience. As a result, they have a sense of ownership in the foundation and can see the benefit for the future outreach ministry of the church.

One of the tools that Calvary has used is PCX, a breakthrough, \$150-per-month, Web-based planned giving system. PhilanthroCorp developed it with churches in mind. PCX offers proven marketing materials, live donor Web seminars, access to the PhilanthroCorp Estate Specialists team, and training for staff to understand how to utilize these tools to maximize donor participation.

The cost of being passive

In the same study that Boston College revealed a \$41 trillion wealth transfer, it also cited the average gift in America for those with estates of less than \$1 million at the death of a surviving spouse is less than 3 percent of the entire estate. An effective planned giving program should increase

that percentage to at least 10 percent and as high as 26 percent. Even in a small church, these percentages quickly become very significant.

Simply put, the cost of passivity is the difference between 3 percent and 26 percent.

Gregory A. Ring is president and CEO of PhilanthroCorp, Colorado Springs, CO, serving Christian nonprofit organizations in planned giving solutions. Go to www.pcxhome.com.



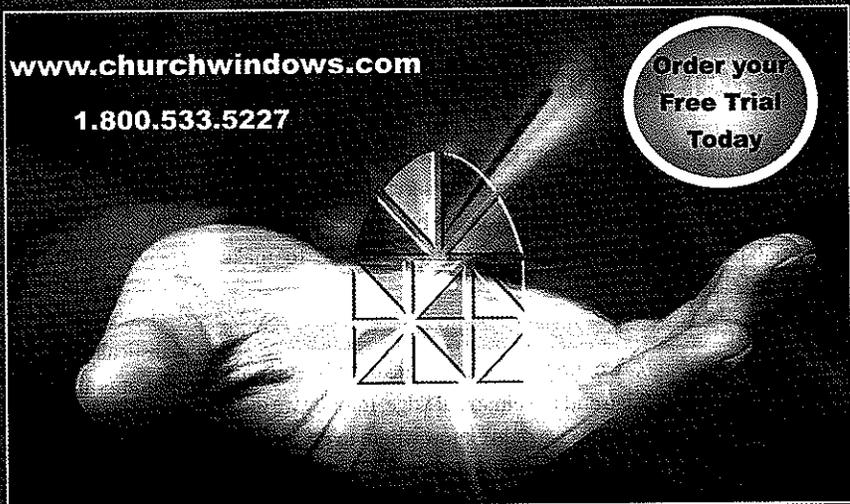
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