Church of the Epiphany

A GUIDE TO LEGACY GIVING

INTRODUCTION

The purpose of this guide is to provide our parishioners with the types of Legacy Gifts that exist and guidance when a donor decides to designate a gift through his/her Will.

If you have considered making a Legacy Gift to the Church of the Epiphany, we would like to know your intentions. In this way, we can more adequately plan for the parish's future needs. We respect the privacy of our benefactors, and if you desire, we will keep your gift and name confidential.

Revenue received from Legacy Gifts will be designated for a specific purpose by the Finance Council unless the donor places a restriction on the funds. If you have a special interest in the parish and desire to restrict your gift, we urge you to make your intentions clear on all legal documents and alert us to your wishes.

We thank you for your interest and for considering Church of the Epiphany as a beneficiary in your Legacy planning. The following statement explains how Legacy Gifts make a difference for the parish, the need for such gifts, and the worthiness of long-term investments.

CASE STATEMENT

Church of the Epiphany was founded in 1979. Epiphany parishioners developed and adopted a mission statement which identified four planks, to serve as the foundation on which to build our parish: Liturgy, Formation, Outreach and Community. Each one of these planks, or areas of ministry, is the foundation on which our parish is built. They hold hands, so to speak, interacting with and supporting one another.

To carry that mission forward and promote our ministries, we are seeking to establish a $1,000,000 endowment to ensure the financial security of our parish. When the reserve reaches $250,000, the funds will be moved to the Catholic Community Foundation, and an endowment will be created. Using an annual spending formula of 4%, we anticipate that the endowment will generate $40,000 per year, once fully funded, to be used for our parish's needs.

LEGACY GIVING

Bequest

Increasingly, more parishioners and friends are remembering Church of the Epiphany in a personal and enduring way by naming the parish as a beneficiary in their will or estate plan. A Legacy Gift allows you to make a more substantial contribution than might otherwise be possible, while at the same time permitting the most flexible use of available resources during your lifetime. The following are some specific ways to include your parish in your will or estate plan.

The most flexible way to make such a gift is to leave a percentage of your estate to the church. For example, by leaving 15%, the gift automatically changes with the size of your Estate.

A direct bequest allows you to designate a specific sum of cash, securities, or property to the church. Although this type of bequest is straight-forward and uncomplicated, it is not always best because the size of your estate may fluctuate. If you choose to do a direct bequest, you may need to review your will periodically to account for changes in financial status.

With a residual bequest, the church receives the balance of your estate after expenses, liabilities, and bequests to other beneficiaries have been fulfilled.

And finally, a contingency bequest would allow you to make a bequest contingent upon a specific occurrence. For example, you can make a bequest to a relative with the contingency that if the relative is deceased when your Will is probated, then your bequest passes to the church.

Retirement Plan Beneficiary Designations

Donors may also wish to name Church of the Epiphany as the designated beneficiary of their retirement plans, such as IRAs, 401(k) plans, and 403(b) plans. An easy way to make a legacy gift is simply to designate the foundation as a beneficiary of your retirement plan. Funds in your retirement plan have never been subjected to income-tax. So your heirs will have to pay income-tax on the proceeds. But gifts to charitable organizations are income-tax free. Use retirement funds to make your charitable gifts and use other assets for your heirs.

Life Insurance

Giving through life insurance is a simple and effective means of remembering the church. It provides the church with an immediate gift at the time of death because it is not subject to probate costs or settlement delays. By not having probate costs, it allows the church to receive the full gift amount. There are several ways to include the church in your life insurance policy. The church can be named as any of the following:

1. Beneficiary
2. Co-beneficiary, to share the policy with someone.
3. Secondary beneficiary, to receive funds if the beneficiary is already deceased.
4. Last beneficiary, to receive funds if the beneficiary and secondary beneficiary are both deceased.

Aside from naming Church of the Epiphany as a beneficiary of an existing policy, there are several ways life insurance can be used in charitable giving:

Give a policy which you already own by changing the owner to the church. This allows for an immediate tax deduction for the approximate amount of the cash value. (Your tax advisor can let you know exactly how much you can deduct each year.)

Assign your annual dividends to the church. This allows you to deduct the dividends as charitable gifts from your income tax return.

Purchase a new policy with the church listed as owner and beneficiary. You can take a tax deduction for the premiums you pay on the policy.

Give a policy for which you are still paying premiums. If you name the church as irrevocable owner and beneficiary you may deduct future premiums as charitable gifts as well as an amount approximately equal to the cash surrender value at the time the gift is made.

If you have any questions about setting up an insurance policy or the tax benefits, contact your life insurance agent.

Donor Named Endowment Fund

Donor Named Endowment Fund gives you an opportunity to support the church while leaving a legacy. Here are two types of Donor Named Endowment Funds:

1. Restricted Named Endowment: A donor establishes a fund that provides ongoing gifts that benefit the parish, one of its ministries or sponsored entities, or a Diocesan agency.
2. Unrestricted Named Endowment: A donor allows the Parish to select the areas of greatest need.

Charitable Remainder Trust

A charitable remainder trust is another excellent option for supplementing your income while providing a gift to the church. With a charitable remainder trust, you give cash, appreciated securities, or other liquid assets to a trustee (either a trust company, a lawyer, or someone with knowledge of trusts) with the understanding that the trustee will pay you and/or one or more beneficiaries a specified income for the longer of each beneficiary's life or a period of years (not to exceed 20 years). After the set period when the payments are finished, the trust is terminated and the remainder passes to the church. You will receive a charitable income tax deduction the year the trust is established for the current value of the remainder interest.

Charitable Remainder Annuity Trust

The charitable remainder annuity trust will pay you a fixed amount of the trust's initial assets each year. For example, you could establish a trust for $10,000 and ask to receive $100 per year. If the trust appreciates to $15,000, you would still receive $100 per year. Additional trust income not paid to you would be added to the principal. Likewise, if the trust experiences a deficit, the payments would be deducted from the principal. A charitable remainder annuity trust cannot accept additional gifts once it is established.

Charitable Remainder Unitrust

A charitable remainder unitrust will pay you a fixed percentage of the trust's assets as valued annually. For example, you could establish a trust for $10,000 and specify that you would like to receive 6% annually. If the trust appreciated to $15,000, you would receive a payment of $900 for the year. Likewise, if the trust depreciates to $8,000, you would receive $480 for the year. A charitable remainder unitrust can accept additional gifts once it is established.

Charitable Lead Trust

A charitable lead trust is the opposite of a charitable remainder trust. With a lead trust, the church would receive payment form the trust for a predetermined number of years, after which the trust would dissolve, and the remainder would pass back to you or a family member. This type of trust may remove assets from your own estate while allowing them to pass to a family member either tax-free or at a reduced tax rate while helping the church.

Charitable Gift Annuity

A charitable gift annuity is a contract between you and Church of the Epiphany, whereby you irrevocably give cash or property to the church with the agreement that the church will pay you income for life and your named beneficiary receives any remainder at your passing. The charitable gift annuity can be immediate for those ages 65 and older and deferred for ages 55 to 64. They can be utilized by a single person or a couple.

With an immediate charitable gift annuity, you are paid a fixed percentage of the value of your annuity which is based on the age of each annuitant (up to two individuals). You receive an immediate tax deduction for the year you make the contribution and part of the payments you receive each quarter are tax free.

With a deferred charitable gift annuity, you decide when you want to begin receiving payments from the annuity (any time after your 65th birthday). You would still take a tax deduction for the annuity the year you make the gift. The deferred annuity is a good option for a younger donor who would like to receive an immediate charitable tax deduction and would like to supplement their income during retirement.

PLANNING AHEAD

With any type of bequest, the key is planning ahead. You will need to enlist the help of an attorney to draw up a valid will or estate plan. However, there are a few things you should do before the first visit that will help reduce time and expense.

1. Make a list of your property. This includes real estate, life insurance, securities, works of art, etc.
2. Note how you would like these items allocated. Do you have any specific wishes for the property?
3. List the people you would like to remember, along with their ages, addresses, and relationships to you.
4. List the full legal names and addresses of the charitable bequests you would like to make.
5. List your executor and alternate executor in case the executor is unable to serve. It can be a family member, friend, a trust company, or a corporation.
6. Gather together your recent income tax records, social security number, company pension and profit-sharing information, bank and brokerage statements, deeds for real estate, and life insurance policies to take with you to the attorney's office.

Please let us know how we can be of assistance.

Rev. John Kazibwe, Pastor jkazibwe@epiphanychurch.org

Susan Crudup, Business Administrator susancrudup@epiphanychurch.org