



CARMEL
— UNITED METHODIST —
CHURCH

ENDOWMENTS & PLANNED GIVING



Approaches for Planned Giving
“Honor the Past, Help Build the Future.”

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Honor the Past, Help Build the Future

Dear Carmel UMC family,

Have you ever wondered how the CUMC Endowment Fund was started? It began over 30 years ago with faithful members who had a vision for the future. Many have passed on now, but their gifts will continue to benefit our church forever. ***“They planted a seed and created a legacy.”***

Gifts from estates and wills empower the future of a church. Those gifts that are unrestricted allow a church to address unexpected challenges, such as ongoing facility needs (i.e., HVAC problems), launching a new ministry or even in those unlikely events as was encountered with the pandemic. With constant changes in our world – it is the flexibility and long-range support provided by planned gifts from estates that allow churches like ours to adapt and continue their ministries and spread the Gospel into the future.



As you consider your own legacy, we understand you have many priorities to consider, including family and friends, and worthy organizations that have been important to you. When providing for those closest to you, we invite you to consider CUMC as part of your planning. Estate giving or planned giving has the power to amplify your impact and extend your support for future generations who will be impacted by CUMC. Pages 3-8 of this brochure outline several ideas of how many have used Planned Gifts to leave a legacy to their church.

We are so thankful for partners who have and wish to help provide for the future of our church's mission and care of its facilities. Of the gifts that the Endowment Fund receives, only the investment income is distributed. In other words, you can be assured that your gift will continue to bear fruit and be a lasting contribution to the church. Your gifts work forever!

The church's 175th anniversary is quickly approaching, it's a good time to ***“Remember the Past, Help Build the Future”*** of our church with a Planned Gift to the Endowment Fund. A gift is a lasting way to remember a loved one as we approach All Saints Day.

“Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also.” Matthew 6:19-21 (NIV)



Why Consider a Planned Gift in Your Will or Estate Plan?

"Planned Giving" or "Legacy Planning" is an important part of managing your resources as a Godly steward. Planned Giving starts with "today" and extends beyond your lifetime as your resources are used to support meaningful ministries or institutions. It simply means mapping out a plan for making gifts to a church or other charities. A caring person integrates Planned Giving into his or her financial strategies during different phases of their life. Many individuals consider Planned Giving when they decide how to transfer their estates to the people and institutions whom they want to benefit from their lifetime of hard work. Many like the idea of tithing (give 10%) on their estate to their church as it feels Biblically right.

In addition to fulfilling their charitable goals and acknowledging (financially and spiritually) their gratefulness to God, donors may receive tax benefits and lifetime incomes through several types of tax-favored plans. Planned Giving takes many forms and is tailored to meet the needs and goals of the donor. Each person's dreams make each gift unique and important. Martin Luther stated, *"The heart of the giver makes the gift dear and precious."*

Consider making a Planned Gift to CUMC

There are several easy ways to make a *Planned Gift* that avoid taxes from your will or estate plan. A few quick examples are:

- Charitable bequests
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Percent of a tax deferred retirement savings plan (i.e., IRA) and/or Donor Advised Fund
- Charitable Lead Trust

If this sounds like it may interest you, we encourage to review the following pages with examples of planned gifts to help create a legacy. We also encourage you to consult with your legal and tax advisors regarding your particular circumstances as to how best leave an end-of-life gift to CUMC.

"This service that you perform is not only supplying needs of the Lord's people but is also overflowing in many expressions of thanks to God." 2 Corinthians 9:12 NIV





Making a Bequest to CUMC

Creating your Legacy through a gift from your estate

A popular way to leave a lasting legacy at Carmel United Methodist Church (CUMC) is to establish a bequest. A bequest is a gift from your estate – a transfer of cash, securities, or other property. You can make a gift to CUMC Endowment Fund by including language in your will or living trust dedicating a specific amount or percentage to the church. By including CUMC in your will, your investment in the future of the Gospel and ministries of the church will continue for years to come.



Types of Bequests

Specific bequest: Of the many ways to give to CUMC through your will or trust, a bequest of a fixed dollar amount or specific property is the simplest. If you'd like your charitable gifts to remain in proportion to other bequests, you can designate a specific percentage of your estate, rather than a fixed amount, to be given to CUMC.

Residuary bequest: If you do not wish to specify the exact size or nature of your charitable provision (often the size of a future estate is difficult to estimate), you might consider naming CUMC as a residual beneficiary of your estate. You may provide that all or a portion of the remainder of your estate shall pass to the church after other commitments have been fulfilled.

Considering A Bequest?

If you are considering a bequest to CUMC, here is some suggested wording to take to your attorney:

"I (We), _____ give and bequeath \$ _____ to Carmel United Methodist Church (Tax ID # 35-1908516), a not-for-profit organization located in Carmel, Indiana, to be applied to the Endowment Fund for the Greatest Needs of the church."

If this sounds like it may interest you, we encourage you to consult with your legal and tax advisors regarding your particular circumstances as to how best leave an end-of-life gift to CUMC.

"Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver." 2 Corinthians 9:6-7 NIV



Supporting CUMC through a Charitable Remainder Trust

Freeing investment decisions from tax considerations

A charitable remainder trust (CRT) is an irrevocable trust that generates a potential income stream for you, or other beneficiaries, with the remainder of the donated assets going to Carmel United Methodist Church (CUMC).

For example, someone in their mid-70's, wants to make a gift to CUMC but would also like more income in the future. They can create a CRT unitrust with appreciated assets valued at \$500,000. They set up the trust to provide annual payments to them equal to 5% (or greater) of the fair market value of the trust assets.

They will receive \$25,000 (5%) from the trust in the first year. Subsequent payment amounts vary each year depending on the annual valuations of the trust assets. They are also eligible for a federal income tax charitable deduction of \$299, 845* in the year they create the trust.

The Benefits of a Charitable Remainder Trust (CRT)

- 1) Creates an income stream for yourself or another beneficiary
- 2) Avoids paying capital gains taxes on highly appreciated assets at their sale
- 3) Enjoy tax free growth on the investments inside of the charitable remainder trust
- 4) Receive an immediate tax deduction from the creation of the trust
- 5) Make a legacy gift to CUMC, supporting the "Kingdom of God", a cause you care about now and in the future.

*Based upon 1.2% charitable midterm federal rate.

Deductions and calculations will vary depending on your personal circumstances

If this sounds like it may interest you, we encourage you to consult with your legal and tax advisors regarding your particular circumstances to determine if a CRT helps you and your family meet your goals in leaving an end-of-life gift to CUMC.

*But blessed is the man who trusts in the Lord and has made the Lord his hope and confidence." **Jeremiah 17:7 (NLB)***





Charitable Gift Annuity

*Receiving fixed payments,
favorably taxed*

In a situation where an older church member may want to contribute an amount to CUMC and also receive a fixed payment for life, a charitable gift annuity may be a solution. The charitable gift annuity may be funded with appreciated property or cash. A charitable gift annuity is part outright gift to a charity and part annuity. It results in approximately a 50/50 split. A charitable gift annuity can be a great option for those who have reached a stage of life when they would like the security of some predictable income and also want to arrange a gift to their church.

For example, an individual aged 75 who contributes \$25,000 of appreciated assets for a charitable gift annuity would receive \$1,350* per year for life (based upon Q1/2022 interest rates) — and for the duration of life expectancy, \$1,123 of this amount would be tax-free. (83% of the annual annuity) In addition, the individual would receive an income-tax charitable deduction of \$11,071. The older the donor at the time of the annuity is established, the higher the annuity.

*The annuity rate in this example is 5.4% (5.4% X \$25,000 = \$1,350)

The Benefits of a Charitable Gift Annuity

- 1) Creates an annual annuity income stream where much of the income is tax-free. This is an attractive feature of a charitable gift annuity to many donors.
- 2) Partially avoids paying capital gains taxes on highly appreciated assets at their sale (only part is gifted to CUMC and the rest is returned as an annuity)
- 3) Receive an immediate charitable tax deduction from the creation of the annuity
- 4) Makes a legacy gift to CUMC, supporting the “Kingdom of God”, a cause you care about now and in the future.

If this sounds like it may interest you, we encourage you to consult with your legal and tax advisors regarding your particular circumstances to determine if a charitable gift annuity helps you and your family meet your goals in leaving an end-of-life gift to CUMC.

“May the Lord repay you for what you have done. May you be richly rewarded by the Lord, the God of Israel, under whose wings you have come to take refuge!”

— **Ruth 2:12 NIV**





Plan to Make a Tax-Free Legacy Gift from Your IRA *Reducing taxes on heirs*

A tax-deferred retirement savings plan/account like an IRA, 401(k), 403(b), SEP-IRA, SIMPLE IRA, or tax-sheltered annuity allows your money to grow tax-free. The tax is paid when the money is withdrawn during your retirement years and then any remaining funds after your lifetime. Fortunately, this tax does not apply when transferring the funds to your surviving spouse at the end of your life. However, transfers to your children or anyone else become taxable. Today the tax rate can be as high as 37% plus state tax. This is an awfully expensive way to transfer assets to your kids or other family members.



On the other hand, an IRA or other retirement account makes a great gift to Carmel United Methodist Church (CUMC). See the points below with some steps and benefits of making this type of legacy/planned gift.

Making a Legacy Gift from your IRA

- Add CUMC as the contingent beneficiary, after your spouse, of your retirement account.
- Upon the death of both you and your spouse, the remaining funds or some portion (e.g., 10%) would be available to CUMC to fulfill your intention to help support selected ministries of the church and share the Gospel with those in need.
- Since CUMC is a non-profit, the funds are not taxed, and the entire amount is put to use in ministry.
- Other non-tax-deferred retirement account assets within your estate can be transferred to family without this heavy loss to taxes.

In addition, one can use a Donor Advised Fund (DAF) to leave a legacy/planned gift. You can specify an amount to be designated to CUMC or provide that all or a portion of the remainder of the DAF shall pass to the church after other commitments have been fulfilled.

If this sounds like it may interest you, we encourage you to consult with your legal and tax advisors regarding your particular circumstances as to how best leave an end-of-life gift to CUMC.

“...remember the words of the Lord Jesus, how he himself said, ‘It is more blessed to give than to receive.’ Acts 20:35 (ESV)



Charitable Lead Trust

Receiving a large deduction and recovering some of your money

In a situation where a church member/family (1) has a large estate and is exposed to high gift and estate tax brackets and (2) would like to pass as much to their family as possible and pay as little gift or estate tax as possible, they may want to consider an irrevocable Charitable Lead Trust (CLT). Very simply, you contribute assets to a trust that will pay a fixed amount to CUMC for your life or a certain period of years (i.e., 20 years) and then whatever principal that remains will be returned to you, your children and/or grandchildren. They will receive the trust assets free of federal gift and estate taxes or at least with those taxes greatly reduced. It is the opposite of a charitable remainder trust. It is called a “lead” trust because the church benefits first.

For example, an individual would like to make a \$1 million gift to CUMC and do it in a way that maximizes their financial benefit. They could contribute the \$1 million of appreciated assets to a charitable lead trust and stipulate that at the end of each of the next eight years, the trust pay \$125,000 to CUMC. Based on the IRS interest rate effective in the Spring of 2022, the individual receives a charitable deduction of \$956,460 — almost as large as if they had simply given the \$1 million outright. Depending on the return on the invested trust assets, a substantial portion of the \$1 million could be returned to the individual in eight years. Although the earnings on the trust are taxable, the individual has the benefit of substantial up-front tax savings — which they can invest.

The Benefits of a Charitable Lead Trust

- 1) Creates an estate or gift tax deduction—this allows a transfer of more property to the family by minimizing the gift or estate taxes
- 2) Receive a charitable tax deduction from the creation of the CLT while eventually recovering a certain amount of your gift.
- 3) Any growth in the trust is passed on to the family
- 4) Makes a specified number of annual fixed gifts to CUMC, supporting the “Kingdom of God”.

If this sounds like it may interest you, we encourage you to consult with your legal and tax advisors regarding your particular circumstances to determine if a charitable lead trust helps you and your family meet your goals in leaving a gift to CUMC.

“Trust in the Lord with all your heart and lean not on your own understanding.” Proverbs 3:5 (NIV)





Support CUMC with a Gift Today

With a 175th Anniversary Gift to the Endowment Campaign

After reading about these examples and methods for making a “Planned Gift”, you may feel called to support the Endowment with a monetary gift this year as a part of the Endowment Committee’s 175th anniversary campaign called “*Honor the Past, Help Build the Future*”. Gifts could include:

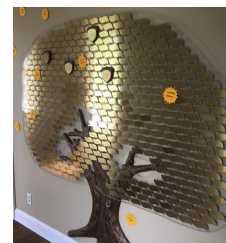
- Cash or other methods such as an appreciated stock gift.
- Qualified Charitable Distribution (QCD) directly from your IRA. This could fulfill your Required Minimum Distribution (RMD) for those 72 (now 73) and older.
(See next page for an example.)
- Gifts from your Donor Advised Fund. (DAF)

There are thirteen (13) different accounts in the Endowment Fund. (All listed and described on the back of this year’s campaign pledge card.) Two areas being highlighted are:

- i. Maintenance/Trustees Fund – This account supports the church’s building and facilities. Unexpected repairs and maintenance occur each year as well as desired improvements and new needs. This account helps defray those expenses and reduce pressure on the annual budget. It needs to grow to have a more meaningful impact.
- ii. Mission Funds for Local Needs – The Endowment has several funds that support local/ Hamilton County area needs. Gifts here would help several different programs including Family Promise, the Food Pantry, Bags of Hope, Kid’s Coats, Soup’s On, Angel Tree and others.

As recognition of CUMC’s 175th anniversary, we propose gifts can be given in increments of \$175, but any amount is welcome. (i.e., \$1,750 or \$17,500) 😊 Those who make gifts to Endowment Fund of ≥ \$500 are offered a brass leaf on the Endowment Tree in honor or memory of a loved one. The tree is located outside the Narthex of the church. Gifts to any of the thirteen (13) Endowment accounts you may select will be much appreciated.

Those who make gifts to Endowment Fund of ≥ \$500 are offered a brass leaf on the Endowment Tree in honor or memory of a loved one. The tree is located outside the Narthex of the church.



The church’s 175th anniversary is quickly approaching, it’s a good time to “Remember the Past, Help Build the Future” of our church with a gift this year to the Endowment Fund. A gift is a lasting way to remember a loved one as we approach All Saints Day. Use the QR code to make a gift. (Clickable if you are viewing on a screen).



Giving

“Do not let your hearts be troubled. ²In my Father’s house are many rooms; if it were not so, I would have told you. I am going there to prepare a place for you.” John 14:1-2 NIV

Click here: Select **ENDOWMENT GIVING** from the pull down menu.



GIVING FROM YOUR IRA – A SPECIAL OPPORTUNITY FOR THOSE 70 ½ YEARS AND OLDER!

Effective way to satisfy RMD's and pay no taxes

When you support CUMC Endowment Fund through your IRA, you secure a future tax savings while making a difference today. You can transfer up to \$100,000 per year from your IRA directly to the CUMC Endowment Fund without having to pay income taxes on the contribution.

This popular gift option is commonly called the IRA charitable rollover, but you may also see it referred to as a qualified charitable distribution, or QCD for short.

Why consider this type of gift?

- Your gift will be put to use immediately, allowing you to see the difference your donation is making on the ministries of the church.
- Beginning in the year you turn 72 (and now 73) you can use your gift to satisfy all or part of your required minimum distribution (RMD).
- You pay no income taxes on the gift. The transfer generates neither taxable income nor a tax deduction, so you benefit even if you do not itemize your charitable deductions.
- Since the gift does not count as income, it can reduce your annual income level. This may help lower your Medicare premiums and decrease the amount of Social Security that is subject to tax.

How to make a Gift from your IRA

Contact your IRA plan administrator and request that a "QCD" be made from your account to Carmel United Methodist Church by either of these methods:

- | | |
|---|---|
| 1. Electronic transfer to Horizon Bank
ABA # 071201320
621 S. Rangeline Rd. | 2. Mail check to:
Carmel United Methodist Church
Account # 10030141
Carmel, IN 46032 |
|---|---|

Your IRA funds will be directly transferred to CUMC. Please contact us to confirm receipt of your gift. You can specify your gift to the Endowment Fund as for either (a) the areas of Greatest Needs (undesignated) or (b) to one or more of the 12 existing designated funds. We encourage you to consult with your legal and tax advisors regarding your particular circumstances.

"Tell them to use their money to do good. They should be rich in good works and generous to those in need, always being ready to share with others. By doing this they will be storing up their treasure as a good foundation for the future so that they may experience true life."

1 Timothy 6:18-19 NLT



Honor the Past, Help Build the Future



Remember or honor a loved one or a ministry with a gift to the Endowment Fund

Even a small gift can be meaningful. Watch it grow like the mustard seed!



Know that the fruit will impact people for generations to come!

For more information about the Endowment Fund or if you would like to make a gift or participate in “Planned Giving” to the Fund through your will, trust, estate, life insurance or other bequest, email: plannedgiving@carmelumc.org or pick up a brochure at the Welcome Center for more information.



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At Carmel UMC we are connecting with God and others, growing in faith and love through Biblical learning, and serving our community and world as followers of Jesus Christ.

ADDRESS SERVICE REQUESTED

FALL 2023

ENDOWMENT FUNDS



"Honor the Past, Help Build the Future."

[Click here: Select **ENDOWMENT GIVING** from the pull down menu.](#)