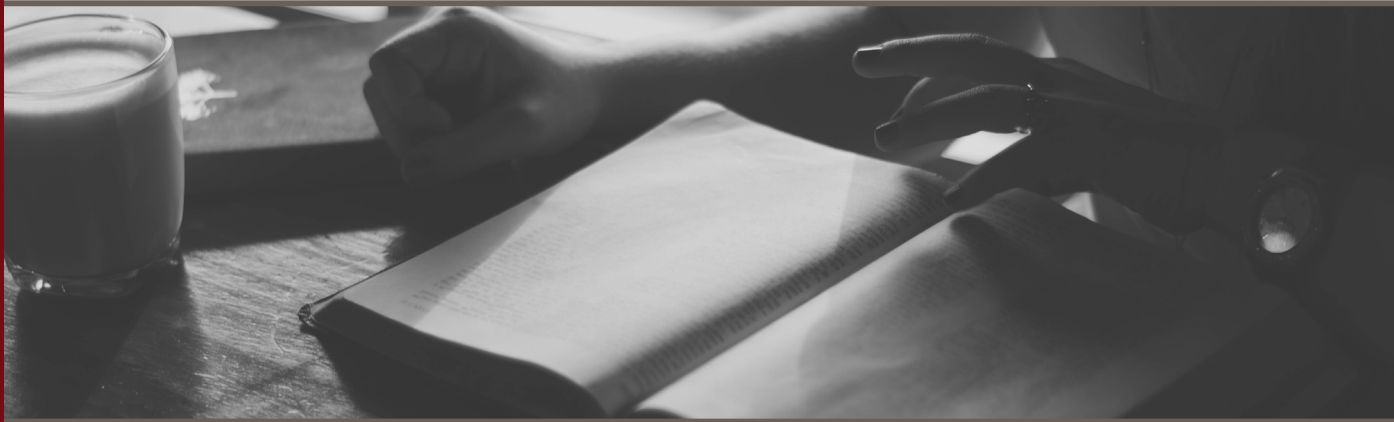


# A Christian Guide to Gift Planning



**EFCA**  
Foundation

A ministry of the  
Evangelical Free Church of America  
Minneapolis, MN



# What is Gift Planning?

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Annual Giving is a way to make a gift to support today's ministry needs. Planned Giving considers various ways to make the smartest gift to the causes most important to you. It is about making the right gift, at the right time, using the right assets, for the right purposes, and securing the right tax savings.

Both Annual and Planned Giving are accomplished in light of Biblical principles. With sound planning, you can meet your personal goals and make a lasting impact for Christ-honoring ministries.

The goal of this guide is to explain to you some of the best planned giving options and the benefits of generosity. We would be happy to provide you with a personal illustration and answer any questions you may have about your charitable stewardship plans.

At the EFCA Foundation, we value and praise the Lord for individuals and families who support the current ministry initiatives and the future vision of the Evangelical Free Church of America.



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# Outright

A gift to ministry today helps further the mission and impact of causes most important to you.

## The Details

### *Cash*

Write a check or set up an automatic payment.

### *Appreciated Securities*

Considered the most tax-efficient way to give during your lifetime. Contact us for transfer instructions for stocks and bonds.

### *Home & Farms*

Real estate gifts may be given directly to ministry if no longer used or desired. Contact us for the details and process.

### *Insurance Policies*

Consider making the Evangelical Free Church of America the owner and beneficiary of a policy, giving paid-up policies, or naming us as beneficiary but not owner. Contact us for the benefits and process.

### *Age 70½? Have an IRA?*

Givers ages 70½ and older may direct their IRA Custodian to transfer up to \$100,000 to the EFCA. Transfers are tax free and can satisfy required minimum distribution requirements.

## The Need

Many people regularly support the Lord's work with cash, but are unaware that other assets may also be given during their lifetime.

## The Solution

Givers can benefit ministry right away and save income taxes by using cash, appreciated securities, real estate, insurance policies, and retirement assets.

## The Benefits

### *Gift to Ministry*

Ministry benefits now with cash or property.

### *Tax Deduction*

A full charitable deduction is available and there may also be capital gains and estate tax savings.

### *Flexible*

Givers can reduce assets they no longer need.

## The Giver

Outright gifts may be made by anyone with assets.



# Gift of Appreciated Assets

Ministry accepts gifts of stock or mutual fund shares.

## The Need

A giver has stock or other appreciated assets that they wish to give to ministry.

## The Solution

The giver transfers the assets to the EFCA Foundation with instructions for ministry distribution.

## The Benefits

### *Tax Savings*

The giver avoids capital gains taxes.

### *Tax Deduction*

The giver receives an income tax deduction for the full amount of the gift.

### *No Cash Needed*

The giver makes a meaningful gift with no cash out of pocket. The gifts are put to work right away for important ministry causes.

## The Giver

A person who has appreciated assets they wish to give to ministry while gaining tax benefits.

## The Details

Rather than selling their stock, a giver gives shares directly to the Evangelical Free Church of America. Givers will avoid capital gains taxes and will receive an immediate income tax deduction.

### ***Giving to Ministry***

Gifts of appreciated assets support the mission of the EFCA and can be applied in different ways:

- EFCA ministry of greatest need
- A specific ministry in the U.S. or around the world
- EFCA missionaries
- The giver's local EFCA church
- EFCA Foundation Donor Advised Fund

Let us know what you have in mind.

### ***Easier Than Writing a Check***

1. Call your broker or account administrator.
2. Say you wish to make a direct transfer of appreciated securities to the EFCA Foundation, a ministry of the Evangelical Free Church of America.
3. Provide them with the EFCA's Stock Transfer Instructions. (Available upon request.)
4. Tell the EFCA Foundation which stocks you want to give and the ministry or ministries you wish to support.
5. Wait for your gift receipt in the mail.

### ***Other Options***

A giver can also use a gift of stock to fund a charitable gift annuity, charitable remainder trust, or charitable lead trust.

Contact the EFCA Foundation for potential benefits.



# Bequest

A gift to ministry at time of death. A bequest is the simplest type of planned gift to make and one of the easiest to implement. Bequests cost you nothing during your lifetime.

## The Details

A giver can leave property to ministry by including a bequest in his or her will or trust. Property that passes through a beneficiary designation (such as individual retirement accounts) can be left by designating the Evangelical Free Church of America as a beneficiary.

### *Specific Asset Bequests*

Many bequests transfer a specific item to a beneficiary. "I give my car to Joshua."

### *Specific Amount*

Another common transfer via a will is the gift of a specific dollar amount. "I give \$1,000 to Sarah."

### *Bequest of a Percent of the Residue*

A fractional amount or percent of what is left of the estate may be transferred to ministry. "I give 50% of the residue of my estate to Amanda, and 50% to the Evangelical Free Church of America."

### *Undivided Percentage of Asset Bequests*

A testator may bequeath or devise an undivided percentage of a particular asset. "I give half of my home to Brian."



## The Need

Many people want to give to the Lord's work but are limited during their lifetime. For example, a giver may have property that will be needed during life to cover living expenses. The giver may be able to donate this property through his or her estate.

## The Solution

Givers can retain ownership and use of property during life and later benefit ministry by leaving the property to the EFCA at the time of their death.

## The Benefits

### *Gift to Ministry*

The ministry receives cash or property.

### *Tax Deduction*

The amount given to a qualified charity, such as the EFCA, is not subject to federal estate tax.

### *Flexible*

Givers are able to use and control property during their lifetime.

## The Giver

Bequests are gifts that anyone can make.

## The Impact

Are there any ministry causes you care about? Make a difference by naming the Evangelical Free Church of America in your will.

# Beneficiary Designation

Some assets may be transferred to ministry simply by completing a Change of Beneficiary Form.

## The Need

A giver holds financial assets but is unable to donate them during his or her lifetime.

## The Solution

Givers retain ownership and use the property during life and still benefit ministry causes at the time of their death.

## The Benefits

### *Gift to Ministry*

The ministry receives cash.

### *Tax Deduction*

The amount given to a qualified charity, such as the EFCA, is not subject to income or federal estate tax.

### *Flexible*

Givers are able to use and control property during their lifetimes.

## The Giver

Gifts by beneficiary designation can be made by anyone with financial accounts.

## The Details

Various assets may be easily transferred at death simply by completing a change of beneficiary form. There is no need to change your will, but be sure to coordinate with your will or trust to ensure your goals are fully realized.

### ***Retirement Assets***

- SEP and SIMPLE IRAs
- 401(k)s, 403(b)s, 457 plans
- Qualified pension or profit sharing plan
- Keough plans
- Insurance policies
- Some investment accounts (brokerage and mutual fund accounts)
- Some bank accounts (CDs, checking, savings)
- All Christian Investors Financial accounts
- Transfer-On-Death deeds (available for real estate in some states)
- Employee benefit plans (stock options, nonqualified deferred compensation plans, group term life)
- Annuities





# Retirement Assets

Retirement assets are left to ministry (rather than to children) when a giver passes away. The giver's children save on income tax.

## The Details

A giver makes a bequest to our ministry of their retirement assets including their IRA, 401(k), 403(b), pension, or other tax deferred plan.

### *Leaving Retirement Assets to Ministry*

Retirement assets may be transferred to the Evangelical Free Church of America by completing a beneficiary designation form provided by your plan administrator. If designated as beneficiary by a giver, the EFCA will benefit from the full value of the gift because the plan assets will not be taxed at death.

### *Leaving Retirement Assets for Income*

Another option is to leave retirement assets to a trust that pays income to a loved one after the giver is gone. A giver can designate a trustee of a charitable remainder trust as the beneficiary of their retirement assets. Please contact the EFCA Foundation to view an illustration with the benefits of this plan.

### *Over age 70½ and have an IRA?*

Givers ages 70½ and older may direct their IRA Custodian to transfer up to \$100,000 to the EFCA. Such outright transfers are tax free and can satisfy required minimum distribution requirements. This is a great way to help ministry during your lifetime.

## The Need

If retirement plan assets are given to the children of the giver, 60%-65% may be taxed. A giver wants to make gifts to family and ministry, and avoid taxing their heirs and estate.

## The Solution

Givers designate the EFCA as the beneficiary of their high-tax retirement plan assets and gives their heirs their low-tax assets that step up in basis at death.

## The Benefits

### *Tax Savings*

The giver's family avoids additional income tax. The estate enjoys estate tax savings if the giver has a taxable estate.

### *Preserves Lifetime Use*

A giver may continue to take withdrawals from their retirement accounts during their life. They benefit our mission with the remaining funds when they pass away.

## The Giver

Gifts of retirement assets are gifts that anyone can make.



# Charitable Gift Annuity

An agreement through which the giver makes a gift of cash or property and the EFCA Foundation agrees to make fixed payments to one or two individuals with the remainder being distributed to ministry at death.

## The Need

A giver wants to make a gift to ministry and receive fixed income for the future.

## The Solution

A giver and the EFCA Foundation enter into a charitable gift annuity agreement.

## The Benefits

### *Fixed Payments for Life*

Fixed payments to one or two individuals for life.

### *Tax-Free Payments*

A portion of each payment may be tax free.

### *Rates by Age*

Payout rates are based on the annuitant's age(s).

### *Tax Deduction*

The giver receives a charitable income tax deduction.

## The Giver

A person who desires fixed payments for life. Beneficial for persons with cash or appreciated property that produces little or no income.

More senior people often find immediate payment annuities most attractive. Many younger people (ages 55 to 66) are attracted to deferred annuities with payments timed to begin at retirement.

## The Details

A Charitable Gift Annuity (CGA) is a contract between a giver and the EFCA Foundation. In exchange for a gift of cash or property, we agree to make fixed payments to the giver for the remainder of his or her life.

### *Duration*

A giver gives cash or appreciated property to the EFCA Foundation. In exchange, we make fixed payments for the lifetime(s) of one or two individuals (\$5,000 minimum).

### *Payout Rate*

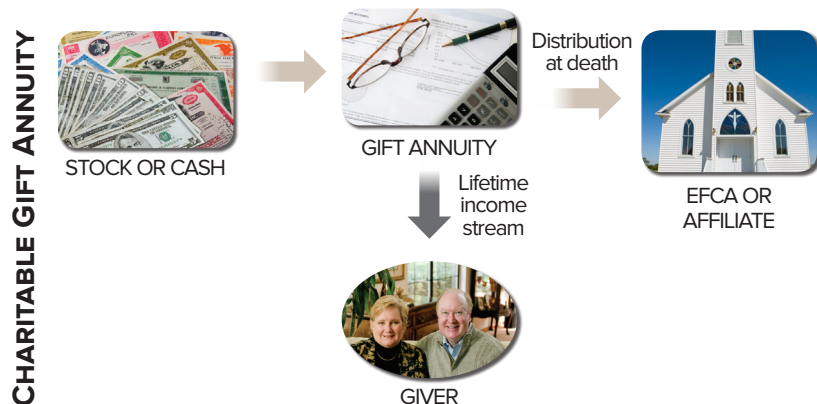
Gift Annuity payments are based on a rate schedule. The EFCA Foundation uses rates set by the American Council on Gift Annuities (ACGA). Under the ACGA's rates, the older the age of the person receiving the gift annuity payments, the higher the rate.

### *Taxation of Payments*

A predetermined portion of each gift annuity payment is tax free, and the remaining amount of each payment is taxable at either capital gain or ordinary income tax rates.

### *Timing*

A Gift Annuity contract can begin making payments immediately (a Current Gift Annuity), or defer initial payments for at least one year (a Deferred Gift Annuity).



# Charitable Remainder Trust

Receives cash or property from the giver, makes payments for the giver's lifetime or a specified term of years, then distributes the remainder to ministry.

## The Details

A giver transfers cash or appreciated property to the Charitable Remainder Trust (CRT). The CRT is a tax-exempt trust that can sell the property without paying capital gains tax.

### Duration

A CRT can last for the lifetime of one or more beneficiaries or for a specified term of years.

### Annuity vs. Unitrust Payout

A Charitable Remainder Annuity Trust (CRAT) pays a *fixed dollar amount* each year. By contrast, a Charitable Remainder Unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

### Taxation of Payouts

Most CRT payouts are taxed to the beneficiary as ordinary income and/or capital gain.

### Payout Flexibility

A CRT offers flexible payout options. Givers should check with us to see which option is right for them based on their assets and goals.

## The Need

A giver desires to change appreciated property that produces little or no income into a productive asset without paying capital gains tax on the sale of the property.

## The Solution

A giver contributes appreciated property to a Charitable Remainder Trust that will sell the property tax free and make payments for the giver's lifetime or a specified term of years. The trust may pay income to multiple beneficiaries.

## The Benefits

### Bypass Gain

The trust sells property tax free.

### Increased Income

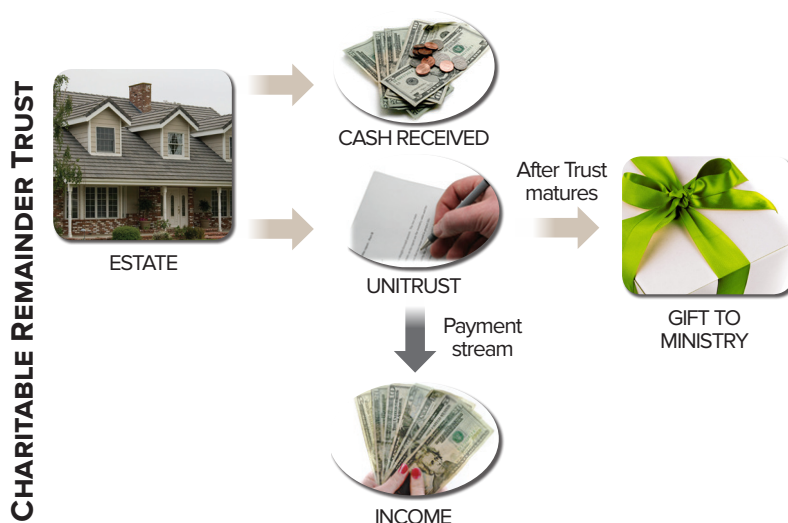
The trust pays a percentage of its value to the trust beneficiary.

### Tax Deduction

The giver receives a current federal income tax deduction.

## The Giver

A person with cash or appreciated value of at least \$100,000 who desires income and bypass of capital gains.



# Charitable Lead Trust

Receives cash or property from a giver and makes payments to ministry for a specified period, then distributes the trust property to a designated beneficiary.

## The Need

A giver wants to make a gift to ministry for a period of time, then transfer an asset to family (and pay minimal gift or estate taxes).

## The Solution

A giver contributes property to a trust that will make distributions to Christian ministries for a number of years and ultimately distribute the property to the giver's family.

## The Benefits

### *Appreciation to Family*

A giver gives property to a Lead Trust and that property plus growth passes to his or her family with no additional tax.

### *Tax Deduction*

A giver receives a current federal gift or estate tax deduction for the present value of the payments that will go to qualified charities and ministries.

## The Giver

A person who wants to pass specific property with growth to family at reduced gift or estate tax cost.

Ideal for a person with an estate of \$1-3 million or more.

## The Details

A giver transfers cash or property to the Charitable Lead Trust (CLT). Unlike a CRT, a CLT is a taxable trust. Each year, the CLT will report its income and take a deduction for the amount that it distributes to ministry. Any excess income is taxable.

### *Duration*

A CLT can last for the lifetime of one or more beneficiaries or for a specific term of years.

### *Annuity vs. Unitrust Payout*

Each year, a CLT pays either a fixed annuity amount or a percentage Unitrust amount to one or more Christian ministries. A Charitable Lead Annuity Trust (CLAT) pays a *fixed amount* to ministry each year. A Charitable Lead Unitrust (CLUT) pays a *different amount* each year to ministry; this amount is equal to a fixed percentage of the trust value at the beginning of the year in which the payment was made.

### *Lead Trust Types*

A family CLT receives property and usually distributes it to the beneficiary at the end of the term. A gift tax deduction is available to a donor who creates a family CLT.

Another typical Lead Trust is a Grantor CLT. A Grantor CLT receives property that ultimately returns to the giver, who gets an income tax deduction when the trust is created. However, the giver has to report trust income on his or her personal income tax return each year.



# Life Estate Reserved

Accepts a gift (either a personal residence or farm) and the giver retains the right to use the property for his or her lifetime.

## The Details

A giver executes a deed transferring a house or farm to the EFCA Foundation. On the deed, the giver retains a “life estate” that grants him or her the right to use the property for life. At the time of the gift, the giver and the EFCA Foundation enter into a Maintenance, Insurance, and Taxes (MIT) agreement.

### *Duration*

The Life Estate typically lasts for the life of the giver.

### *Deed Restrictions*

The deed of the remainder interest to ministry must not be restricted.

### *Mortgage*

It may be possible for a giver to make a gift of a remainder interest even though there is a mortgage upon the residence.

### *MIT Agreement*

The giver agrees to be responsible for the maintenance, insurance, and taxes on the property.

## The Need

A person may desire to leave his or her house or farm to ministry at death, but would like a current tax benefit.

## The Solution

Givers can deed a home or farm to ministry but keep the right to use the home or farm for their remaining lifetime.

## The Benefits

### *Tax Deduction*

The giver receives a current federal income tax deduction for the present value of the remainder interest in the home or farm.

### *Preserves Lifetime Use*

The giver is able to use and control the home or farm while alive.

## The Giver

Givers who want to remain living in their homes or using their farms and desire a current income tax deduction.



# Donor Advised Fund

A simple, powerful, family foundation substitute.

## The Need

A giver wants to set up a special charitable account, gain an immediate charitable deduction, and issue grants to the EFCA and other causes worthy of support.

## The Solution

Giver sets up a donor advised fund.

## The Benefits

- Easy to get started
- Contribution is invested and grows tax free
- Gain immediate tax savings
- Simplify record keeping
- Grants mailed out on schedule

## The Giver

Anyone with financial assets who would like to organize their giving and make grants into the future.

## The Details

The EFCA Foundation Donor Advised Fund (DAF) is an agreement between a giver and the Evangelical Free Church of America.

### *Ease of a DAF*

1. A giver makes an irrevocable gift of personal assets (\$5,000 minimum).
2. Givers secure the maximum tax deduction the IRS allows.
3. Givers name the DAF account, identify advisors, and choose charitable beneficiaries.
4. The contribution(s) will be invested and can grow tax free.
5. At any time, fund advisors can recommend grants to qualified charities and ministries.
6. The EFCA Foundation mails grants for the amount advised at the time determined.



### *Great Alternative to a Family Foundation*

Unlike a private foundation, DAF gifts generally qualify for a full fair market value charitable deduction, and DAFs have lower startup costs. A DAF also permits givers to make gifts to ministry/charity without unfavorable private foundation restrictions and excise taxes.

# Designated Funds

Boosting sustainability for ministries that matter.

## The Details

A Designated Fund is an agreement between a giver and the EFCA Foundation.

### *Two Types*

- **Donor Designated Fund** - a fund set up by an individual or family to benefit one or more EFCA causes.
- **Ministry Designated Fund** - a fund set up by a church or related EFCA ministry.

### *Easy Steps*

1. Givers make an irrevocable gift (\$5,000 minimum).
2. Givers secure the maximum tax deduction the IRS allows.
3. Givers name the account, charitable purposes, and payout rate.
4. All contribution(s) will be invested and can grow tax free.
5. The named ministry will receive grants on schedule for years to come.

### *Funding*

The giver makes an irrevocable charitable gift to the EFCA Foundation. Both lifetime gifts and estate gifts may be made using cash, stock, and approved real estate.

## The Need

A giver wishes to establish a “sustaining fund” for the EFCA or EFCA affiliated causes important to them.

## The Solution

The giver and the EFCA enter into a designated fund agreement.

## The Benefits

### *Sustained Financial Support*

A designated fund supports the ministries most important to the giver year after year.

### *Tax Deduction*

The giver receives tax deductions to the full extent of the law.

### *Flexibility*

The giver selects the beneficiary EFCA ministry and sets the annual payout rate.

## The Giver

An individual or ministry with financial assets desiring to arrange to support a ministry long term.



### *Benefit Your Favorite EFCA Ministries*

The EFCA ministry or ministries specified by the giver benefit from the fund. Annual grants will be made from both income generated from the fund or from the principal. This is NOT an endowment.

# Biblical Basis to Support the Lord's Work

Every Christian is encouraged to prayerfully consider naming ministry within their wills or other estate plans. There are numerous Biblical reasons for good stewards to do this.



1. To demonstrate love for God. "I am not commanding you, but I want to test the sincerity of your love by comparing it with the earnestness of others." 2 Corinthians 8:8
2. To help with the carrying out of the Great Commission. Matthew 28:19-20
3. To put faith into practice. "We live by faith, not by sight." 2 Corinthians 5:7

4. To abound in the grace of giving. "But just as you excel in everything ... see that you also excel in this grace of giving." 2 Corinthians 8:7
5. To encourage others in the grace of giving. "For I know your eagerness to help ... and your enthusiasm has stirred most of them to action." 2 Corinthians 9:2
6. To experience the love of God in all its fullness. "...for God loves a cheerful giver." 2 Corinthians 9:7
7. To bring glory to God. "...men will praise God for the obedience that accompanies your confession of the gospel of Christ, and for your generosity in sharing with them and with everyone else. 2 Corinthians 9:13
8. To please God. "...They are a fragrant offering, an acceptable sacrifice, pleasing to God." Philippians 4:18

At the EFCA Foundation, we value and praise the Lord for individuals and families who support the current ministry initiatives and the future vision of the Evangelical Free Church of America. Funds are used to support the EFCA's mission *to glorify God by multiplying transformational churches among all people.*

At the EFCA Foundation, we recognize that it is the work of the Holy Spirit that prompts Christians to give (John 15:4-5). We place the giver's relationship to God above our ministry's agenda (2 Corinthians 4:16-18). Our communications will be clear and honest, never coercive or manipulative.

We value cooperation and partnership throughout the EFCA movement. We encourage you to support your local church, district, camps, colleges, seminaries, and the various ministries of the EFCA national office. The EFCA's impact is realized in communities, states, our nation, and around the world. We believe that the joy-filled generosity of believers will fully fund God's work here on earth (Matthew 6:10).



# About the EFCA Foundation

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The Evangelical Free Church of America (EFCA) exists *to glorify God by multiplying transformational churches among all people*. The EFCA Foundation helps resource this vision and mission.

The EFCA Foundation offers a variety of gift plans – such as gift annuities, charitable trusts, designated funds, and donor advised funds. While we actively encourage the preparation of wills and living trusts, we leave it to individuals in consultation with their attorneys to finalize these essential documents.

We encourage individuals and families to name local churches, districts, and the EFCA within their gift and estate planning documents. We are committed to Biblical principles of stewardship and serve donors on a no-obligation, confidential basis.

Our mission is to provide trusted charitable gift and estate planning services to help meet personal planning goals while furthering the Lord's work.

**Each of you should use whatever gift you have received to serve others,  
as faithful stewards of God's grace in its various forms.**

**1 Peter 4:10**



# Notes

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Enhancing Trust

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