

A CHRISTIAN GUIDE TO **GIFT PLANNING**



A ministry of the
Evangelical Free
Church of America

Godly Living. Joyful Giving.

What is Gift Planning?

Annual Giving is a way to make a gift to support today's ministry needs. Gift Planning 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 Gift Planning 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 (EFCA).



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 since 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. "...others 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 local cooperation and partnership throughout the EFCA movement. 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).



All Bible passages are from the New International Version of the Bible

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Annual Giving

An outright gift to a 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, bonds, and mutual funds.

Home, Farm, and Lots

Real estate gifts may be given directly to the EFCA but is subject to our gift acceptance approvals. Contact us for details and process.

Insurance Policies

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

IRA Qualified Charitable Distributions (QCD)

Givers ages 70 1/2 and older may direct their IRA Custodian to make QCD transfers to the EFCA. Transfers are tax free and may satisfy required minimum distribution requirements. Contact us for IRS limits and helpful fill-in-the-blank IRA QCD forms.

Have a Donor-Advised Fund?

Recommend a grant to The Evangelical Free Church of America. Our Tax ID number is 41-0721672

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. Consider supporting the EFCA Fund this year.

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 Annual Gifts may be made by anyone with assets.

Gift of Appreciated Assets

A ministry accepts gifts of stock or mutual fund shares.

The Need

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

The Solution

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

The Benefits

Tax Savings

The giver avoids capital gains taxes.

Tax Deduction

The donor 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 may secure tax benefits.

The Details

Rather than selling their stock, a donor gives shares directly to the Evangelical Free Church of America. Givers will avoid 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 Fund
- EFCA missionaries
- A specific EFCA ministry in the U.S. or around the world
- The donor's local EFCA church
- Set up a Donor-Advised Fund through the EFCA Foundation

How to Proceed

To make a gift of stock or mutual fund shares:

1. Email stock@efca.org or call 800-995-8578 and specify:
 - a. Donor's name, mailing address, and phone number
 - b. The number and type of shares, and the ministry designation(s) for the gift.

The EFCA will provide a tax-deductible gift receipt.

2. Provide your broker with the EFCA's stock transfer instructions.

Clearing Firm: Graystone/Morgan Stanley.

DTC Clearing #: 0015

Account: Evangelical Free Church of America

Account Number: 694-095822

EFCA Broker: Amy Baker // 847.480.3609 // amy.l.baker@msgraystone.com

Other Options

Gifts of stock can also fund Charitable Gift Annuities, Charitable Remainder Trusts, and Donor-Advised Funds.

Contact the EFCA Foundation for potential benefits.



Donor-Advised Fund

Visit: efca.donorfirstx.com

The Need

A donor 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

Donor sets up a donor-advised fund through the EFCA Foundation.

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 EFCA

Visit efca.donorfirstx.com to sign up for a Donor-Advised Fund or contact the EFCA Foundation for more details.

The Details

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

Ease of a DAF

1. A donor makes an irrevocable gift of \$5,000 or more using cash or securities.
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 issues grants to the 501(c) 3 ministries and charities at the advised amount, purpose, and timing.

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.



IRA Giving During Lifetime

Ages 70 1/2 and older

Making Qualified Charitable Distributions (QCD) directly from your IRA is a powerful, tax-wise giving plan that is easy to implement.

The Details

A donor simply asks their IRA custodian to make a direct gift from an IRA to the Evangelical Free Church of America. This allows givers to avoid increasing their taxable income when making a charitable gift to support their ministry interests.

Giving to Ministry

Qualified Charitable Distribution (QCD) gifts support the EFCA and can be applied in different ways.

- EFCA Fund
- EFCA Missionaries
- EFCA ReachGlobal
- Charitable Gift Annuities
(*subject to IRA limitations*)

How to proceed

1. Contact your IRA Custodian and ask them to directly issue a QCD gift of \$_____ to the Evangelical Free Church of America.
Mail to: EFCA Donor Services,
901 E 78th Street, Minneapolis, MN 55420
EIN: 41-0721672.
2. Contact the EFCA Foundation to inform us to expect a gift of \$_____ from *my IRA Custodian*, _____, applying \$_____ for _____ (*ministry purpose 1*) and \$_____ for _____ (*ministry purpose 2, if applicable*).
The EFCA also needs to know the IRA holder's name and address so we can acknowledge the gift according to IRS requirements.

Other options

Contact the EFCA Foundation for IRA QCD forms you may use to notify your IRA Custodian and the EFCA of your intentions. Email foundation@efca.org or call 800-995-8578.

The EFCA Foundation will record your QCD gift and mail an acknowledgment letter to QCD givers.

The Need

A donor ages 70 1/2 or older has an IRA they wish to use as the source to fund a charitable gift to ministry.

The Solution

The donor notifies their IRA custodian of their desire to make a Qualified Charitable Contribution (QCD) gift to the Evangelical Free Church of America.

The donor also notifies the EFCA Foundation to expect a QCD gift directly from their IRA Custodian and tells the EFCA the ministry or ministries they wish to support.

The Benefits

- QCD gifts provide donors with a tax-efficient way to support a ministry
- IRA QCD gifts may count toward Required Minimum Distributions (RMDs).
- From a tax saving perspective, IRA QCD gifts benefit both itemizers and non-itemizers.
- Giver can specify the ministry or ministries they wish to support with QCD gifts.
- The EFCA acknowledges each gift in ways that fulfill IRS requirements.

The Giver

Donors, aged 70 1/2 or more, may make QCD gifts directly from their IRA to the EFCA.

Gift by Will or Trust

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. Ministry benefits with a portion of what you leave behind.

The Details

A donor can leave property to a 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.

*Sample Bequest Provisions**

EFCA EIN: 41-0721672

The Unrestricted Gift

I give, devise and bequeath to The Evangelical Free Church of America, a Minnesota non-profit corporation, with offices at 901 East 78th Street, Minneapolis, MN 55420, an amount equal to ____% [or the sum of \$_____, or the following real property (give exact legal description of the property)] of my estate for its unrestricted use.

Gift for EFCA, Local Church, and District

Contact the EFCA for sample language to use for gifts by will for the EFCA, Local Churches, and Districts."

The Giver

Gifts by will are gifts that anyone can make.

The Impact

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

The Need

Many people want to give to the Lord's work but are limited during their lifetime. For example, a donor 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

Donors 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.



Beneficiary Designation

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

The Need

A donor 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

Donors 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 can be easily transferred at death 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.

Possible Types of 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, non-qualified deferred compensation plans, group term life)
- Annuities



The EFCA is a 501c3 charity

The Evangelical Free Church of America
901 E 78th Street, Minneapolis, MN 55420
EIN: 41-0721672.

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 donor, 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.

Making Qualified Charitable Distributions

Givers ages 70 1/2 and older may direct their IRA Custodian to transfer to the EFCA. Such outright QCD transfers are tax free and may satisfy required minimum distribution requirements. This is a great way to help ministry during your lifetime.

Legal Name, Address, and Tax ID

The Evangelical Free Church
of America
901 East 78th Street,
Minneapolis, MN 55420
EIN: 41-0721672

The Need

Children receiving retirement plan assets face potentially high income taxes. In contrast, charities such as the EFCA do not need to pay income taxes. Select the best asset to meet your goals and save taxes.

The Solution

Donors designate the EFCA as the beneficiary of their high-tax retirement plan assets and gives the 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 donor 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 you make a gift of cash or property and we agree to pay you fixed payments for the rest of your life.

The Need

You want to make a gift to the EFCA and receive fixed payments.

The Solution

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

The Benefits

Fixed Payments for Life

You receive fixed payments for life. Single and Joint life options are available.

Tax-Free Payments

A portion of each payment may be tax free.

Rates by Age

Payout rates are based on your age(s) at funding. Payments start at age 65 minimum.

Tax Deduction

You receive a federal tax deduction.

The Details

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

Duration

You give cash or appreciated securities to the EFCA Foundation (\$10,000 minimum). In exchange, we make fixed payments for the lifetime of you and/or another person.

Payout Rate

Your Gift Annuity payout rate is based on your age(s). Check with us to see how high your payments could be.

Taxation of Payments

A portion of your gift annuity payments could be tax free. The remaining amount of each payment is taxable at ordinary income tax rates and some portion could be taxed at capital gains rates.

Timing

A Gift Annuity contract can begin making payments immediately (Current Gift Annuity) or you can begin receiving payments at a future rate (Deferred Gift Annuity). Payments start at age 65 or older for both Current and Deferred Gift Annuities.

CHARITABLE GIFT ANNUITY



STOCK
OR CASH



GIFT
ANNUITY



Distribution
at death



EFCA



Lifetime Income Stream



\$10,000 minimum.
Not available in New York.
Minimum payment age 65.

Contact us for a no-obligation rate quote to see how high your payments can be.

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(s) of one or two 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 or at lower tax rates.

Payout Flexibility

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

The Need

A donor 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 assets value of at least \$100,000 who desires income and bypass of capital gains.

CHARITABLE REMAINDER TRUST



GIFT ASSET
(Real Estate,
Stock, Cash)



UNITRUST



GIFT TO EFCA

After Trust
matures



Payment stream to Donor



INCOME

Contact us to learn more about how CRTs may help meet your personal needs and charitable goals.

Real Estate

via Life Estates

EFCA 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 donor 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(s).

Deed Restrictions

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

Mortgage

The EFCA requires mortgage-free property.

MIT Agreement

The donor 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 lifetimes.

The Benefits

Tax Deduction

The donor 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

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



Designated Funds

Boosting sustainability for ministries that matter.

The Details

A Designated Fund is an agreement between a donor 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 charitable gift of \$5,000 or more.
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 donor makes an irrevocable charitable gift to the EFCA Foundation. Both lifetime gifts and estate gifts may fund a designated fund using cash, stock, or approved real estate.

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 the income generated from the fund and from the principal. This is NOT an endowment.

The Need

The giver wishes to establish a "sustaining fund" to meet the ongoing needs for the EFCA or an approved EFCA related ministry.

The Solution

The donor and the EFCA Foundation 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 a tax deduction 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.



About the EFCA Foundation

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



Enhancing Trust



The Evangelical Free Church of America
901 East 78th Street | Minneapolis, MN 55420
Phone (800) 995-8578
foundation@efca.org | www.efcafoundation.org



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