
Our Legacy to Future Generations

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A Legacy Is...

- Anything we pass from one person or generation to another
 - Our values
 - Our talents
 - Our skills
 - Our Christian witness
 - Our possessions (wealth)

Keep In Mind

- All that we possess belongs to God (owner)
- We are temporary managers (stewards)
- When we consider leaving “*our*” legacy of possessions, we should ask for God’s guidance and wisdom

My Purpose Today

- To motivate those who do not have an estate plan to get one
- To motivate those who have an estate plan to review it
- To encourage all of you to prayerfully consider leaving a legacy of at least a tithe of your estate to St. Matthews

Why?

- Why do 7 out of 10 not have an estate plan?
 - Procrastination
 - Don't want to think about it
 - Don't know what to do
 - Don't know who to ask for help
 - Don't want to pay an attorney
 - It's not my problem

Why?

- Why are 7 out of 10 who have an estate plan unhappy with it?
 - Strategy before goals
 - Family circumstances have changed
 - Financial circumstances have changed
 - Tax laws changed
 - Want to add new beneficiaries
 - Want to avoid taxes

Why Your Church?

- If there was ever an organization who needs to plan for permanency, it is the church
 - As long as this community exists, this church needs to be here
 - You are enjoying a legacy of faith, ministry, and buildings from past generations
 - What kind of legacy will you leave for future generations?

A Good Estate Plan

- Is a plan that accomplishes your goals if you died or became incapacitated today
- Is consistent with current probate and tax laws
- Is properly drafted, signed, and notarized
- Is available to your family, executor or trustee when needed

Estate Planning Process

Should answer these 5 questions:

- 1. What are your values and goals?**
- 2. How much do you need for your lifetime?**
- 3. How much should you leave to family?**
- 4. What should you do with the rest?**
- 5. What strategies will help you accomplish 1 – 4?**

1. Values & Goals

- **What values have shaped your life and stewardship of financial resources?**
 - Disciplined saving and spending
 - Tithing your income to the Lord
- **What do you want to accomplish in the distribution of estate assets?**
 - Provide for spouse and dependent children
 - Leave an inheritance to your family
 - Tithe your estate to your church

2. How much do you need?

- The primary reason we save and invest is to meet our personal needs and not become financially dependent on others
 - How much income do you currently need to maintain your lifestyle?
 - Do you anticipate greater need in the future?
 - Do you have enough to meet these needs?
 - Do you have reserve funds for unforeseen future expenses?

3. How much for family?

- How much to care for your dependents?
- Are your family's values and lifestyles consistent with yours?
- Will your family be good stewards of their inheritance?
- How much is enough to help your family and not hurt them?
- Lump sum or income?

4. What about the rest?

- What should you do with the portion you cannot or choose not to pass to family?
- Social Capital for taxable estates:
 - Estate Taxes: Government-Directed
 - Charitable Gifts: Self-Directed
- You can choose where and how your social capital is used

Estate Tax Exclusions

<u>Year</u>	<u>Exclusion</u>	<u>Max. Rate</u>
2001	\$ 675,000	55%
2002-2003	\$1,000,000	50-49%
2004-2005	\$1,500,000	48-47%
2006-2008	\$2,000,000	46-45%
2009	\$3,500,000	45%
2010	Tax Repealed?	

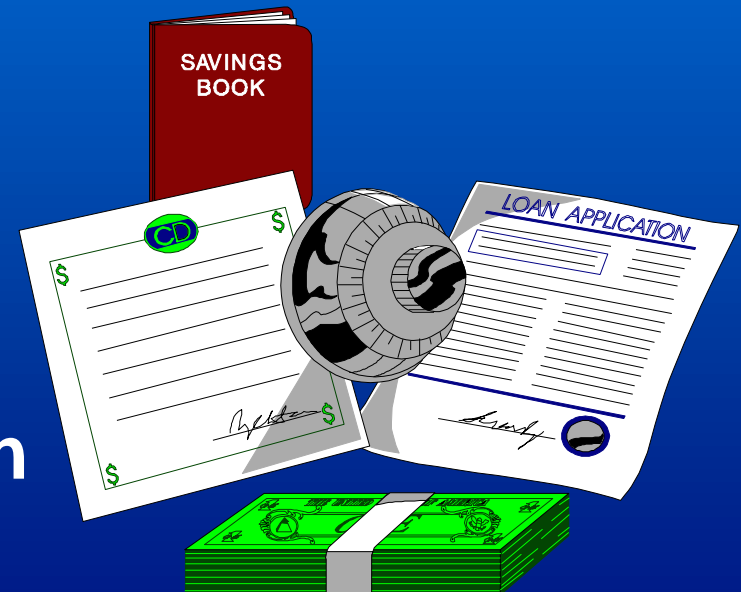
5. Strategies

- An estate plan should include:
 - A Will or a Living Trust + a Pour-Over Will
 - Durable Power of Attorney
 - Power of Attorney for Health Care
 - Directive to Physician (Living Will)

Planned Giving Strategies

- *Inter Vivos Gifts:*
 - Gifts of Appreciated Assets
 - Charitable Trusts

- *Testamentary Gifts:*
 - Bequests
 - Beneficiary Designation
 - Charitable Trusts



Non-Cash Gift to Church

Sell Asset/Gift Cash

Asset	\$28,409
LTCG Tax	<u>3,409*</u>
Proceeds	\$25,000

Gift	\$25,000
Deduction	\$25,000

Gift Asset

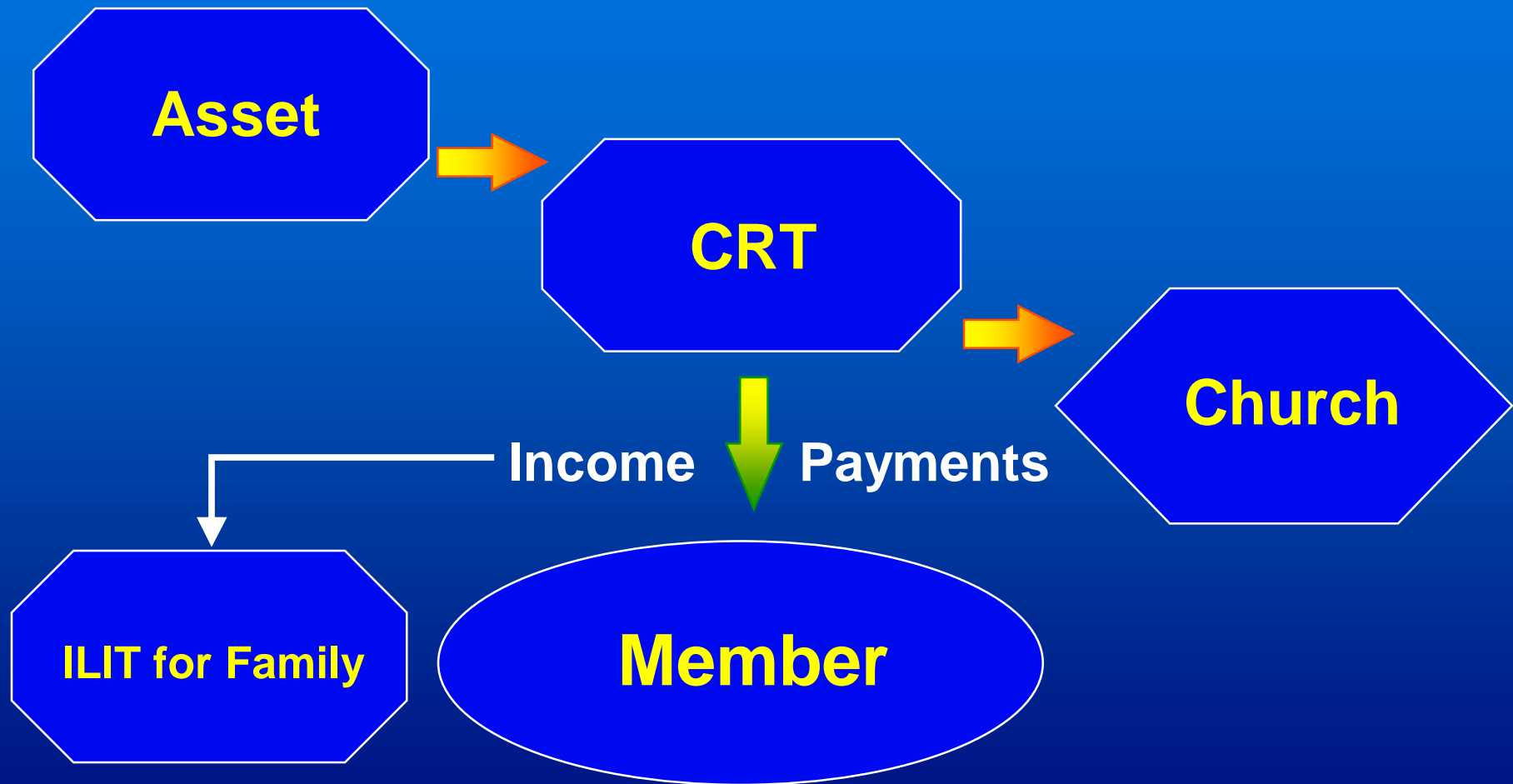
Gift	\$25,000
Deduction	\$25,000

** Bought @ \$20; sold @ \$100*

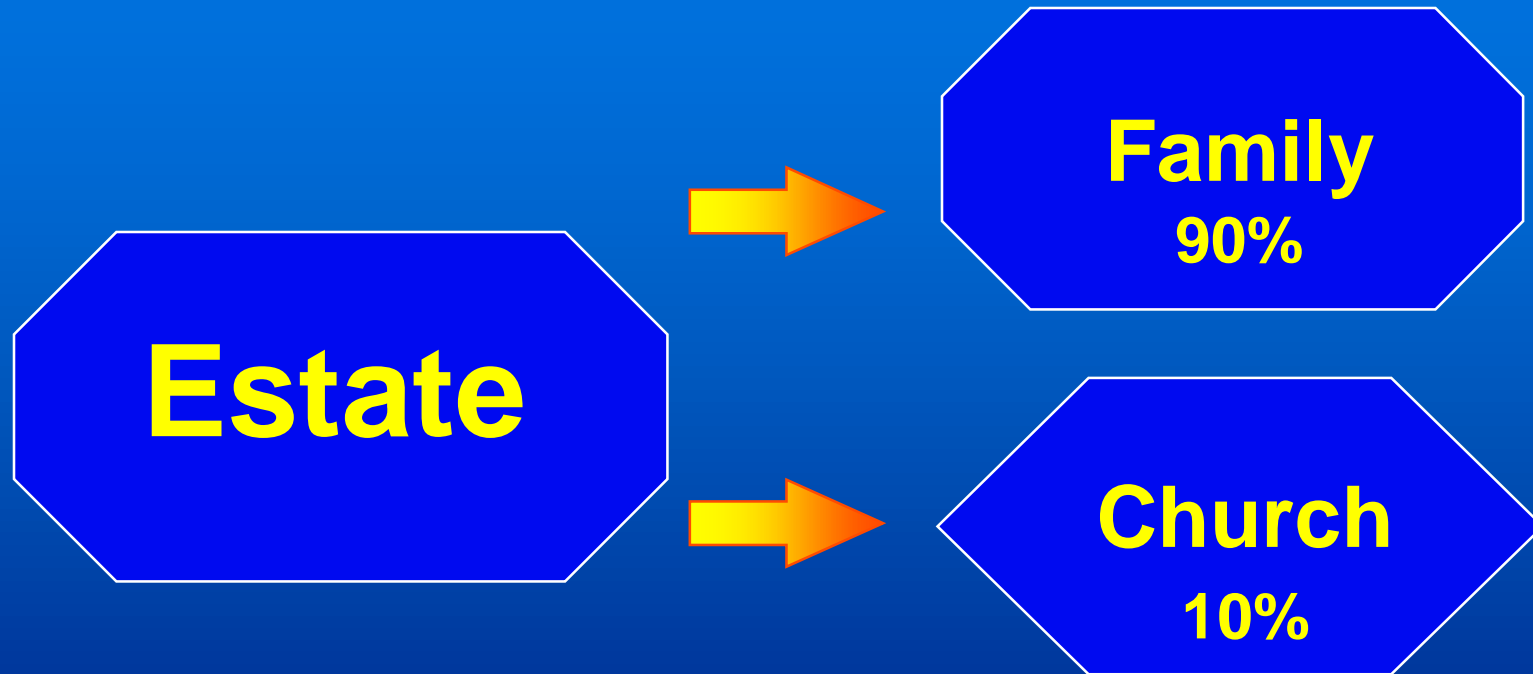
Retirement Income

- Member has a highly appreciated, low-yielding asset (real estate, stock, etc.)
- She needs additional income in retirement
- She wants to include the church in her estate plan
- She wants to avoid estate taxes

Charitable “Remainder” Trust



Tithe Estate To Church



**Will or Living
Trust**

**Estate tax deduction
for bequest to the
church**

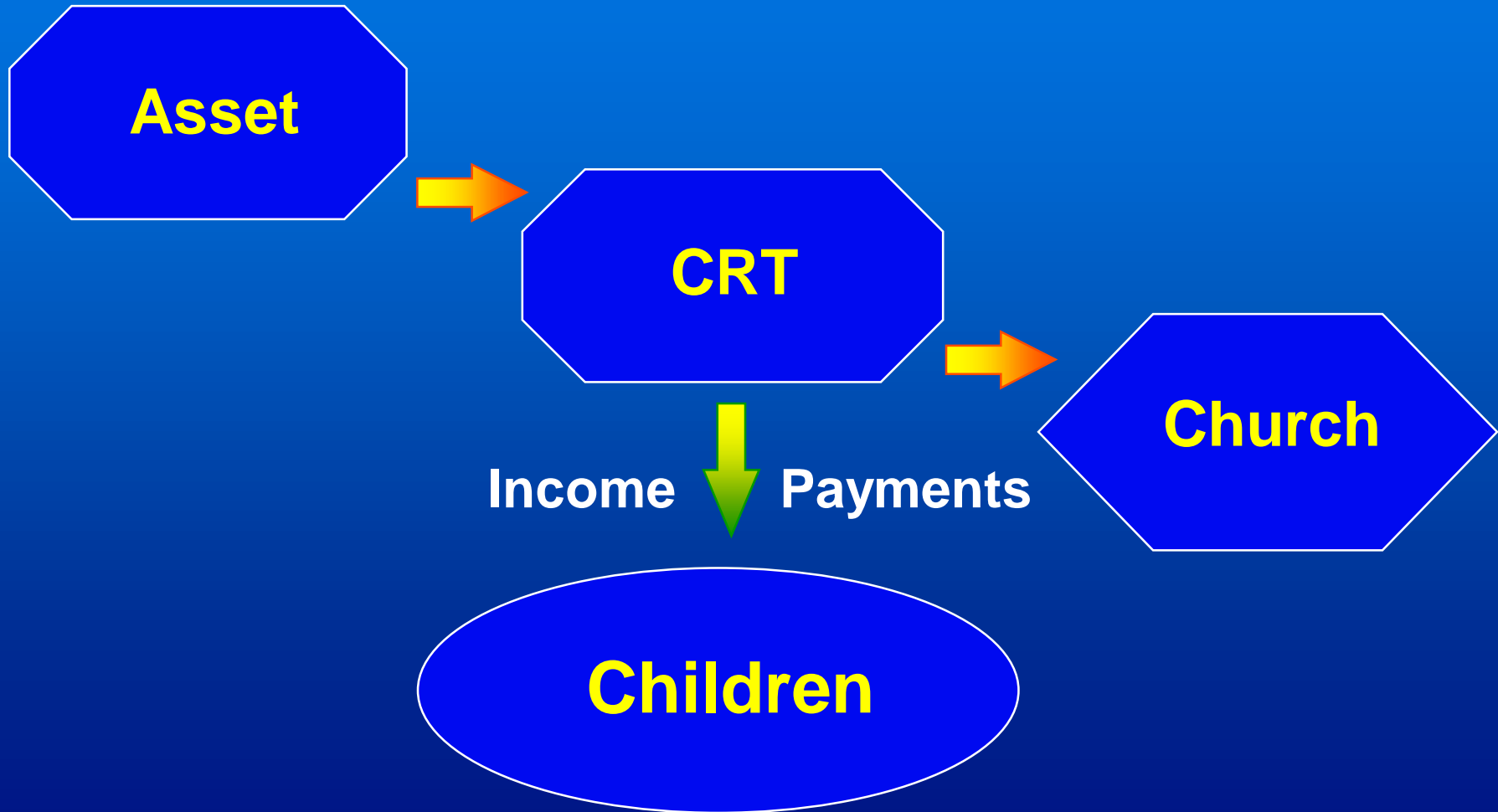
Beneficiary Designation

- Income tax-deferred assets may be subject to both income tax and estate tax liability at the death of the donor:
 - IRAs
 - Retirement Plans
 - Annuities
- Naming the church as beneficiary avoids tax liability

Income To Family

- **Member wants to provide an income for children rather than a lump sum**
- **Member wants to include the church in her estate plan**
- **Member wants to avoid estate tax liability**

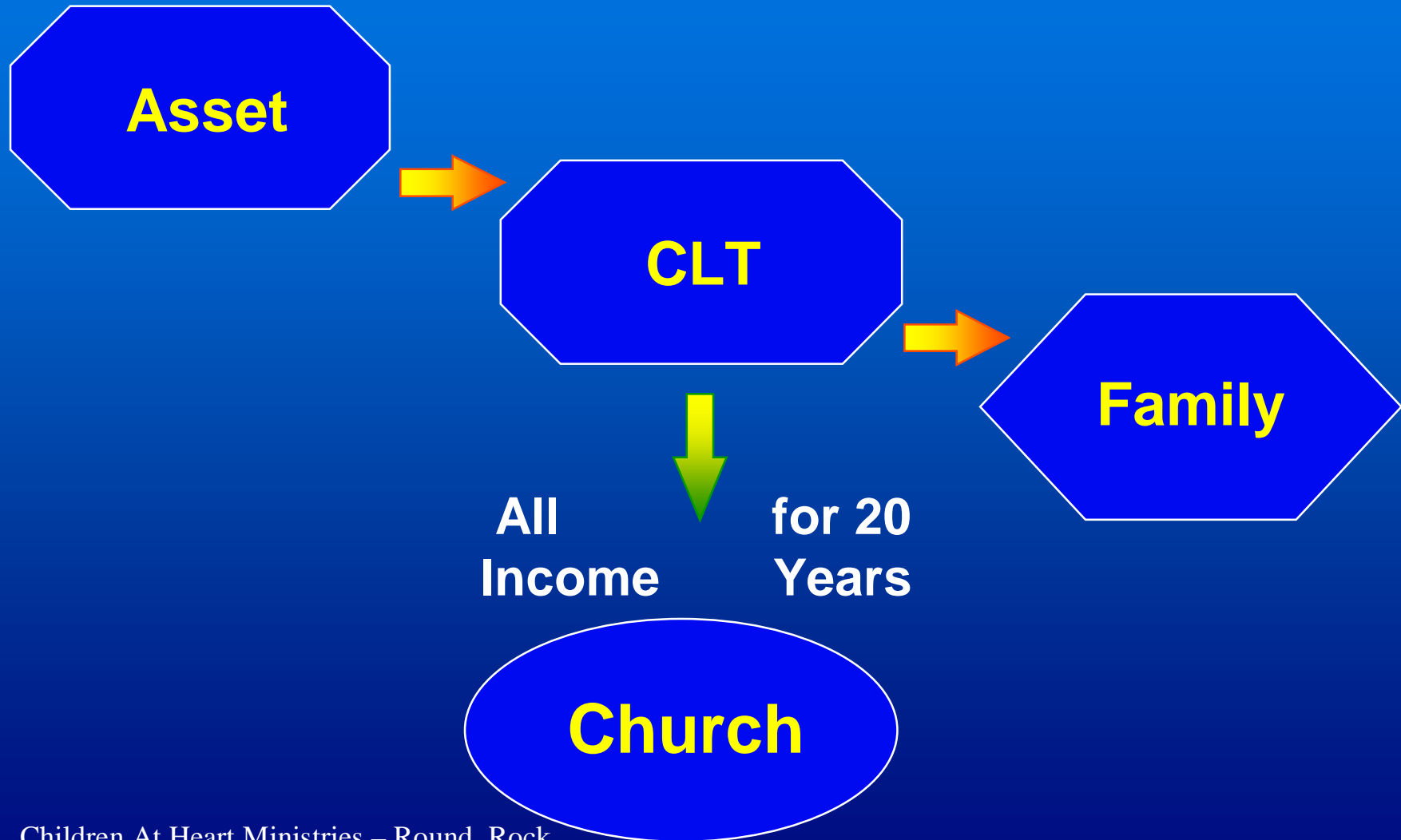
Testamentary Trust



Tax-Free To Family

- **Member has a taxable estate and wants to avoid all gift and estate taxes**
- **Member wants to include church and other mission causes in his estate plan**
- **Children and grandchildren do not need their inheritance in a lump sum**

Charitable “Lead” Trust



What about your legacy?

- Don't procrastinate -- make it a priority!
- Take care of yourself first.
- Consider the needs of your family
- Prayerfully consider including St Matthews in your will or living trust
- Seek professional counsel -- consider this an investment not an expense

Can I help?

- **As time allows, I am available to:**
 - Assist you in you defining your values and goals
 - Evaluate of your assets
 - Assess potential tax liability
 - Recommend strategies to you and your attorney for accomplishing your goals in the most cost-effective way

Our Legacy to Future Generations

- Most of us have been blessed beyond our needs and the needs of our families.
- We are enjoying a generous legacy from past generations!
- Will we be good stewards and leave a generous legacy for future generations?

Our Desire?

- God is the owner, we are the stewards
- Our desire as stewards of what God has entrusted to us should always be to hear the Master say:

“Well done my good and faithful servant”

Evaluation Forms

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