

Ways to Give - Comparison of Ease, Timing, and Tax Implications

Although many endowment donations come through wills, you do not have to wait until you die to give to the Endowment Fund (EF). We hope that’s a long way off and we think we can find good ways to use the investment income from the EF for ministries now. If we can reach \$200,000, we can provide around \$6,000 most years for ministries. The more the fund grows, the larger the investment income to be used for ministries. Only in extreme circumstances can the principal be spent. Endowment income cannot be spent on ordinary budget items like electricity or apportionments.

General undesignated gifts (this is the term used in the EF Charter; you might also call them unrestricted gifts) provide the most flexibility for the Endowment Committee and Focus Team to meet ministry goals. We’ll always accept gifts of cash, checks, and publicly traded securities. Other types of gifts are subject to Bethany’s Gift Acceptance Policy, which is posted on this website. You may designate your gift for certain uses, but we have limits on the restrictions we can accept, such as a minimum gift of \$10,000 so it produces a meaningful amount of annual investment income.

If you have questions or want further information, particularly about restricted gifts, please check the website and/or talk to an Endowment Committee member.

The Endowment Committee cannot provide tax or legal advice. We believe that the statements about deductibility shown below are correct for most people under current federal law, but you should check with your attorney, accountant or tax preparer.

1. Write a check

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| Degree of Difficulty – Easy Timing of Impact – Near Term Tax Deductions and Other – Normal (i.e. if you itemize) | Just drop your check in the offering plate or mail it to the Church office. Please specify “for Endowment Fund” on the notation line and tell the EF Committee if you want the gift to be used in a designated/restricted way (which requires a gift of at least \$10,000). See the “Tips on Making a Gift to Bethany UMC” portion of this website for further information on restricted gifts. |
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2. Direct your Required Minimum Distribution (RMD) or Qualified Charitable Distribution (QCD) to the Endowment Fund

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| Degree of Difficulty – Moderate Timing of Impact – Soon after your gift Tax Deductions and Other – Better than Normal (see explanation in text) | There are three ways to make your RMD/QCD to the Endowment Fund. <ol style="list-style-type: none"> 1. Your IRA provider can send a check directly to Bethany. 2. If you have a checkbook for your IRA account, mail or hand-deliver (safest) a check to Bethany. |
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| | <p>3. Your provider can make the check to Bethany but mail it to you to deliver.</p> <p>Regardless of the method you choose, always make the check payable to Bethany and be sure to note on the check that this is a RMD or QCD for the Endowment Fund.</p> <p>You must have a traditional IRA, an inherited traditional IRA, or an inactive SEP or SIMPLE plan to make a QCD.</p> <p>QCDs are limited to \$100,000 a year (indexed for inflation). You can split the RMD/QCD between the EF and other uses, such as satisfying your annual giving.</p> <p>The amount of the RMD/QCD will not be taxable income to you, so you cannot deduct it as an itemized deduction. Essentially, it has already been deducted (by not being included in income) even if you do not itemize. Further, as this amount is not included as income it may help you reduce your Medicare premiums and/or income taxes on Social Security benefits, which depend on income.</p> |
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3. Name the Endowment Fund as beneficiary of a life insurance policy (which is paid-up or on which you continue to pay the premiums) while you remain the owner of the policy.

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| <p>Degree of Difficulty – Easy to Moderate Timing of Impact – Deferred Tax Deductions and Other – Only deductible from estate taxes</p> | <p>Contact the insurance company and ask them to change the current beneficiary on the policy to the Bethany United Methodist Church Endowment Fund. Send the Endowment Committee a letter notifying us of the beneficiary designation and specifying any restrictions on the use of the funds (You can find a Bequest Intention form on this website). See the “Tips on Making a Gift to Bethany UMC” portion of this website for information about designating/restricting your gift. This gift is not tax deductible at the time you name the EF as beneficiary. If your estate is subject to estate taxes, the amount paid will be deductible for estate tax purposes.</p> |
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4. Designate the Endowment Fund in your will or trust

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| <p>Degree of Difficulty – Easy to Moderate Timing of Impact – Deferred</p> | <p>This can be easy if you are having your will written or rewritten anyway, but more expensive if you are only making this change.</p> |
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| <p>Tax Deductions and Other – Only deductible from estate taxes</p> | <p>You should use the “Tips on Making a Gift to Bethany UMC” document from the website for sample language. Send the Endowment Committee a letter notifying us of the gift and specifying any designations/restrictions on the use of the funds that are not covered in the will/trust language (You can find a Bequest Intention form on this website). This gift is not tax deductible at the time you name the EF as beneficiary. If your estate is subject to estate taxes, the amount paid should be deductible for estate tax purposes.</p> |
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5. Give cash weekly/monthly

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| <p>Degree of Difficulty - Easy Timing of Impact – Near Term Tax Deductions and Other – Normal (i.e. if you itemize)</p> | <p>If you cannot afford a large contribution at one time, even \$10 or \$20 a week will amount to \$1,000 over a year or two. Every gift counts in helping to meet our goal. Just clearly designate “for Endowment Fund” on the envelopes containing your gifts.</p> |
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6. Give appreciated securities, such as stock

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| <p>Degree of Difficulty – Moderate Timing of Impact – Near term Tax Deductions and Other – Better than Normal (i.e. if you itemize; see explanation in text regarding appreciation)</p> | <p>Direct your stock broker to transfer the stock to Bethany’s account. You can obtain the details about this from Martha Rose. Or you can give Bethany an actual stock certificate, properly executed for the transfer. Send Martha Rose an email or letter notifying her of the gift and saying how you want the gift to be used. You can split the gift between the EF and other uses, such as satisfying your annual giving. Send the Endowment Committee a letter notifying us of the gift and specifying any designations/restrictions on the use of the gift (You can find a Bequest Intention form on this website). The market value of the stock is allowable as a deduction if you itemize deductions. You do not report the difference between the market value at the date of the gift and your basis (usually your cost) in that stock as income EVER.</p> |
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7. Designate the Endowment Fund as beneficiary of your 401(k), IRA, or TSA

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| <p>Degree of Difficulty – Easy to Moderate Timing of Impact – Deferred Tax Deductions and Other – Only deductible from estate taxes, but may save your beneficiaries income taxes</p> | <p>Contact the 401(k)/IRA/TSA provider and ask them to change the current beneficiary to the Bethany United Methodist Church Endowment Fund. Send the Endowment Committee a letter notifying us of the beneficiary designation and specifying any</p> |
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| | <p>designations/restrictions on the use of the funds (You can find a Bequest Intention form on this website). See the “Tips on Making a Gift to Bethany UMC” portion of this website for information about designating/restricting your gift. This gift is not tax deductible at the time you name the EF as beneficiary. If your estate is subject to estate taxes, the amount paid should be deductible for estate tax purposes. If you leave this type of asset (other than a Roth IRA) to your children for example, they usually will pay income taxes as they receive the money. Leaving them other assets and donating 401(k)/IRA/TSA money to charity usually will reduce their taxes.</p> |
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8. More sophisticated methods

If you want to use any of the methods shown below, you may need to start with your attorney or accountant. The Endowment Committee can only provide general information, but it also would decide whether or not to accept certain gifts such as a personal or real property (see the Gift Acceptance Policy portion of this website for details).

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| Gift of personal property | Charitable remainder trust |
| Gift of life insurance (ownership) | Charitable remainder annuity |
| Gift of real estate | Charitable gift annuity |
| Gift of retained real estate | Charitable lead trust |