

# GIVING & RECEIVING

Fall 2003

MORAVIAN MINISTRIES FOUNDATION IN AMERICA • P.O. BOX 10932 • WINSTON-SALEM, NC 27108  
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I want to share a story about what one faithful Moravian has done and how her generosity will aid Moravian causes for many years to come.

I have come to know this woman over the past six years. She's a great person and so much fun! Her beloved husband died a few years ago. Their love, affection, and respect for each other were something to behold! He was a pastor, and she was always by his side as they served churches in the Northern and Southern Provinces. Rev. and Mrs. also shared a deep commitment to give. They always tithed—regardless of how much they earned. Having worked hard and saved, they lived a comfortable life in their retirement years and their commitment to give remained firm. They also thought about the future and what would become of their belongings, as they have no heirs.

Rev. and Mrs. made plans through their will to bequeath most of their assets to many Moravian causes, including their church. In addition, they created gift annuities. Besides eventually helping the causes that meant so much to them, the gift annuities provided them generous lifetime payments.

After Rev.'s death, Mrs. paused to consider her plans for her future. She did not let much time pass. Rather than turning inwards, Mrs. embarked on a whole new adventure. In her eighties, she's been amazing to watch.

During our conversations, Mrs. spoke of her hopes and their dreams. While she did not dwell on Rev.'s death, Mrs. wanted to make sure they left a legacy that would "do good" for many years to come. We talked about the idea of creating a permanent fund that would make annual awards to the Moravian causes that meant so much to both of them. Mrs. did not want to go back and change anything they had done together. She felt that would not be right. Instead, she wanted to chart a new course.

Together, we began work on a "Fund Agreement." The fund would be established with gift annuities she intends to create over the next few years and by her designating the residue from her IRAs. At Mrs.' death, these assets will pour into the fund which the Moravian Ministries Foundation

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*Inside: How to make your gifts at the lowest possible cost.*

# MAKING GIFTS NOW...AND LATER

*Determining the  
best time to  
make your gift.*

## GIVING THE RIGHT PROPERTY AT THE RIGHT TIME

To ensure that your gifts are deductible from this year's tax return, it is important that you complete them by December 31. If you expect to be in a lower tax bracket next year, your gifts may never save you more.

If you have investments that have decreased in value, consider selling them and giving the cash proceeds. You may be able to deduct the amount of your loss as well as the amount donated, resulting in deductions that total more than the current value of the investment.

Gifts of appreciated securities that you believe may decline in value in the future can allow you to lock in today's value for income tax purposes and avoid losses from future market declines.

Depending on your interests, your stage of life, and other factors, you may prefer to make gifts today, in the future, or both.

### *Outright gifts of cash*

Cash and checks, the most common form of gifts, are always greatly appreciated. Congress and many states have provided that taxpayers who itemize their deductions may avoid tax on amounts they give voluntarily to charities. Gifts of cash and certain other assets are generally tax deductible in amounts up to 50% of your adjusted gross income. (Certain limitations can affect higher income taxpayers.)

### *Special tax savings*

With careful planning, you may find that gifts of stocks, bonds, mutual funds, or certain other property that has increased in value and been owned for more than 12 months can yield extra tax benefits. Not only will you receive an income tax deduction at their full fair market value, but you will also avoid capital gains tax that could otherwise be due upon a sale.

Even if you use the appreciated property to make

gifts that feature income and other benefits, you will generally save on capital gain taxes. For this reason, you may wish to give assets that have increased the most in value since you have owned them.

Gifts of appreciated assets may be deducted in amounts up to 30% of your adjusted gross income. As in the case of cash gifts, excess deductions may be used in up to five future tax years, thus providing tax savings for as many as six years.

### *Planning for the future*

There are also many ways to provide for charitable gifts as part of your long-range financial and estate planning:

- Through a provision in your will or living trust
- By naming a charity as beneficiary of life insurance policies that are no longer needed
- Through special trusts that serve multiple purposes
- By directing funds left in your retirement plans to charitable use after you no longer need them, thus avoiding estate and/or income taxes on these amounts
- By naming a charity as a beneficiary under a "pay or transfer on death provision" where applicable on a bank or brokerage account.

Check with us or with your advisors about ways to plan your gifts while maximizing benefits for you, your heirs, and your charitable interests.

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There are special ways for you to give now while retaining income for your lifetime and/or that of one or more other persons. You can also arrange income for a specific period of time if desired.

Such gifts can enable you to provide for a surviving spouse, fund education expenses, or create a source of income for a parent or other loved one.

Various plans exist that feature one or more of the following benefits:

- Fixed or variable payments for life or another period of time of your choosing.
- Allowance of a current income tax deduction equal to a portion of the value of the donated assets, resulting in tax savings for a period of up to six years.
- Avoidance and/or delay of capital gains tax that might

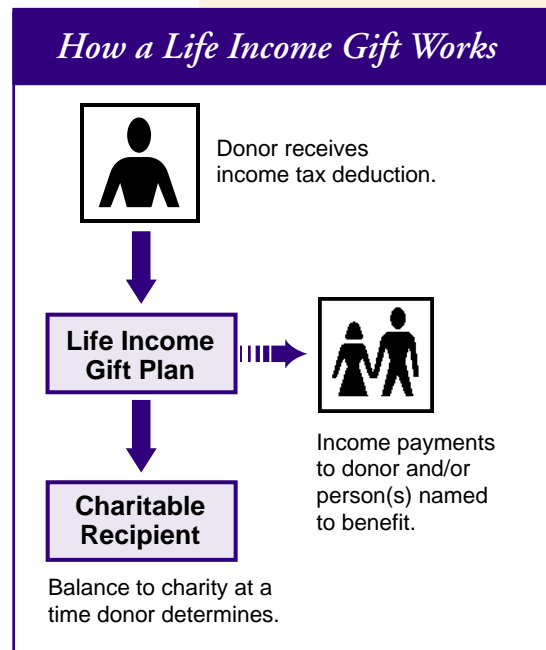
otherwise be due on the sale of assets used to fund the gift. It is thus possible to diversify investments while assuring that more of your assets are put to work to earn for your future.

- Bypass of the expense and possible delays of the probate process for assets used to fund the gift.

As an added benefit, amounts used to fund gifts that provide income can be structured in ways that help minimize gift and estate taxes that may otherwise be due.

## GIVING FOR INCOME

*Give now and receive payments for life.*



In some cases it may be desirable to provide income for yourself or others for a limited period of time, before dedicating assets to charitable use.

**Example:** George, 60, owns stock that has increased in value since he acquired it. It produces very little income and would give rise to significant capital gains tax if he were to sell it. George would like to make a gift of the stock but is concerned about the need for income to help meet financial obligations until he begins making withdrawals from his retirement plan in approximately 10 years.

Through the use of a plan known as a *charitable remainder*

*trust*, he is able to make a gift while retaining fixed payments equal to 10% of the value of the stock each year for the next 10 years. No tax is due when the trust sells the stock, and George will receive payments over time totaling the full current value of the stock.

Because whatever remains in the trust will be devoted to charitable use at the end of the 10-year period of the trust, George is entitled to a charitable income tax deduction for a sizable percentage of the amount contributed. It is anticipated that over half of the amount placed in the trust will remain for charitable use at the time the trust terminates.

## BUILDING A BRIDGE TO RETIREMENT

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## LOW RATES ENCOURAGE GIFTS

*Exploring other  
giving options*

Several gift planning opportunities have become increasingly attractive as interest rates have fallen over the past several years. The *life estate agreement* and the *charitable lead trust* are two examples of such gifts.

In the case of a life estate agreement, you can make a gift of a personal residence or farm while retaining the right to occupy it and enjoying other benefits of ownership for the remainder of your life and the life of a spouse, if desired. In return, you receive an immediate income tax deduction equal to a percentage of the value of the property.

This can be very attractive if you were planning to make a charitable gift from your estate. The deduction depends on your age and other factors but is often

between 25% and 50% of the full value, providing welcome tax savings today.

A charitable lead trust allows you to make regular charitable gifts for a period of time you choose, then eventually transfers assets to your loved ones free of federal gift and estate tax.

Through the use of this plan, you can make gifts in support of charitable interests while still providing a generous inheritance for younger heirs at a time when they may be more mature.

If you would like more information on this or any of the plans outlined in this newsletter, please contact us. We are available to help answer questions that you or your advisors may have concerning possible charitable gift planning opportunities.

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## DEAR BROTHERS AND SISTERS...

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will administer, and be named in both their honor. Through the fund, the Foundation will make annual distributions, in perpetuity, to the Moravian causes and organizations that they dedicated so much of their time, effort, and resources to support during their lives, including Sunnyside Ministry in Winston-Salem, Moravian College and Theological Seminary, Home Moravian Church, and Salemtowne, the Moravian Retirement Community in Winston-Salem.

You may be wondering—

who is this “Mrs.?” You may recognize her name and know her: Janet Amos. Her husband was the Rev. Richard Amos. When I asked Janet if I could share this story with you, her response was, “If it encourages other Moravians to give and support the Church—Do it!” If you know her, this is a very ‘Janet’ answer.

I hope you will consider remembering the Moravian Church through your estate plan or a planned gift. The staff of the Moravian Ministries Foundation is delighted to help.