

IMPORTANT TAX RELIEF UPDATE

To help encourage even greater levels of giving this fall, Congress has enacted legislation which temporarily suspends various income tax limits for gifts of cash to charity between now and the end of the year. The effect of the Katrina Emergency Tax Relief Act of 2005 will be that donors who may in the past have been told by advisors that they have given all they can deduct in a given year may continue to give this year and deduct qualified gifts up to 100% of their income. These changes apply to gifts to all qualified charities, not just those involved in disaster relief, that are completed between now and December 31.

The new law creates a special opportunity available for the remainder of the year. Even though the legislation did not specifically include the much-anticipated IRA rollover provisions for charitable purposes, the new law enables persons over age 59½ to make withdrawals from IRAs and similar retirement plans and use those funds to make charitable gifts. The temporary suspension of the limits on charitable deductions for income tax purposes means these gifts will be fully deductible for income taxes regardless of size. Thus retirement plan assets may be used as a tax-free pocket for charitable giving. Check with your advisors to see if this option fits your planning needs.

NTAX-04



Paul D. McLaughlin has served as the first President of the Foundation since 1997. Paul is married to Susan, a High School Guidance Counselor, since 1975. Their 25-year old daughter, Cailin, earned her Doctor of Pharmacy from the University of South Carolina and currently resides in Atlanta. Prior to joining the Foundation, Paul was VP of Advancement with Albright Care Services in Lewisburg, PA. A 1974 graduate from Suffolk University in Boston, Paul also earned his Masters from St. Louis University, with special studies in gerontology. Paul also attended and completed studies at the College of William and Mary's National Planned Giving Institute in 1988, where he has also taught. The focus of Paul's work with the Foundation is our GiftLegacy Program. He also shares, with Chi-Chi Messick the Foundation's VP, management of the Moravian Common Fund. When asked about his work with Moravians and the Foundation, Paul often responds, "I feel like I died and went to heaven!" Paul can be reached by phone or via email at paul@mmfa.info.



Chi-Chi Z. Messick, Vice-President of the Foundation, is a native of Winston-Salem. She and husband, Jack, are members of Home Moravian Church. Their children are Patrick, who lives with his wife Carissa in Greensboro, NC, and Andrew, who lives in Charlotte. Chi-Chi has a degree in organ performance from Salem College and has served several churches in the Southern Province as organist and music director. She has chaired the Southern Province Commission on Music and Worship for seven years and has a great interest in worship planning and church music. After graduation from Salem College, she worked as Assistant Director of Institutional Advancement. She also served as Director of Development for WFDD, the public radio station at Wake Forest University. Chi-Chi has attended courses in capital campaign management and planned giving at Sinclair, Townes & Co. and Robert F. Sharpe, Inc. and earned a certificate of completion at the College of William and Mary's National Planned Giving Institute in 2002. In May of 2000, she joined the Foundation, where she works with the Moravian Common Fund and Morning Star Campaign Services. Chi-Chi can be reached by phone or via email at chichi@mmfa.info.

GIVING & RECEIVING

Fall 2005

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If you are a new reader of our newsletter, *Giving & Receiving*, on behalf of the Moravian Ministries Foundation we welcome you. If you have received previous editions of our semi-annual newsletter, welcome back!

Our goal in publishing this newsletter is to share with you important information about what we call "personal financial stewardship." You might be thinking, "Sounds like another way of calling it fund raising." Well, yes and no.

The Moravian Ministries Foundation was chartered in 1998 for the purpose of helping Moravians live and experience their charitable dreams. However, we don't ask for money. And, we don't solicit funds for any single ministry. Our focus is to: (1) educate Moravians about different ways and strategies of approaching gift-giving, (2) provide interested people with a variety of ways of expressing their desires, and (3) offer options to address a variety of goals and objectives.

We know most people are simply not aware of the different gift-giving strategies. What's valuable about these strategies is the fact they can help you accomplish a wide range of goals. When someone says, "I might be interested in doing something to help my church," my response is always, "Let's talk about

what you want to accomplish and set aside, for now, your charitable interests." Often when I say this, I see confusion on the face of the person or couple I am meeting with. They expect me to be looking for the gift so I can get going and move on to the next prospect. Nothing could be further from reality!

The Foundation has tools that can be used to help you accomplish many personal, financial, estate, and charitable goals. For example, we can (1) help people turn highly appreciated assets into a stream of lifetime income, (2) help pass wealth and income on to children and grandchildren on a low or no cost basis, (3) help reduce current income taxes and future estate taxes, and (4) simplify and streamline the probate process—in other words, our goal is to help people achieve their goals, and this is why it is called "personal financial stewardship."

From our perspective, we are just temporary keepers of our 'belongings.' As a result, stewardship isn't just about money for ministries—it's about using the gifts we have

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See page 4 for information about a special opportunity for giving in 2005.

A PRIMER ON SAVINGS METHODS

Draw your plan from the many savings vehicles available.

DEAR BROTHERS . . . *Continued from page 1*

wisely. So, I consider taking care of your family, making sure you have the resources to care for yourself if nursing home care is necessary, and, of course, supporting the work of the Church and its ministries as “wise stewardship.” Therefore, the process we employ is intended to help you discern your goals and to apply our tools to help you accomplish them.

We measure success not by the number and size of the gifts we secure, but by how well and how often we help Moravians accomplish their goals!

Our services are free and without any obligations. And, since we are not selling anything, there are no fees or commission. We realize that wading through this process can be time-consuming; therefore, we are prepared to work with you for as long as it takes to reach a conclusion that satisfies your needs and interests. So give us a call, return the enclosed response card, visit our website, or email us. We are delighted to talk and meet with you at a time that is convenient to you. I hope to be hearing from you.

Paul

Each person’s retirement plans call for different arrangements. Let’s look at some of the more popular options available in addition to Social Security, the federal government’s “safety net.”

Individual retirement plans

Virtually anyone who earns wages can set aside money to fund retirement in a tax-favored Individual Retirement Account (IRA). It is also possible to set aside an extra sum for a non-wage-earning spouse.

Any money in an IRA not used during lifetime can be left to friends, relatives, or charitable causes, much like other assets.

Keogh plans are similar in scope to IRAs but may provide greater benefits for self-employed people.

Employer-provided plans

Employers provide many workers the opportunity to take part in retirement programs. Most plans are designed either to provide a certain level of income at retirement or to build a fund based on a percentage of an employee’s compensation.

In either event, if you are entitled to benefits under such a plan, make certain you have indicated who should receive your benefits if it happens that you do not use them all.

Avoid double taxation

Because they are included as part of the taxable estate at death, the assets in retirement plans can be subject to estate taxes that may be due.

But that’s not all. When heirs receive the balance of qualified plans after payment of estate taxes, income tax—up to 35% or more—can be due on remaining amounts. Thus, the combination of income and estate taxes on retirement assets could, in some cases, add up to 70% or more of their value.

Redirect funds

Because of this, it may be wise to use retirement assets to make charitable gifts to Moravian Ministries, thus totally eliminating the tax on these funds. Other assets, such as life insurance proceeds, can be left to heirs instead.

Charitable gifts from retirement fund assets can be among the easiest gifts to arrange. We will be pleased to provide more information on making gifts in this manner.

There are many ways to plan for a comfortable retirement while continuing current levels of giving, even arranging an eventual “once in a lifetime” gift.

How the Turners planned

John and Helen Turner make gifts of cash each year. Both in their midfifties, they feel they should be setting more aside for retirement years. The Turners’ children are well-established and are provided for in their parents’ estate plans.

The Turners have a multi-faceted retirement plan: Social Security benefits; IRAs; company-provided pensions; life insurance and disability insurance; and other investments, such as stocks and mutual funds.

John and Helen hope to enjoy a comfortable retirement without substantially reducing their charitable gifts to Moravian Ministries.

The solution for them

The couple’s CPA suggested a way to achieve their goals through a simple device known as a *revocable living trust*.

Such a trust removes property from the often expensive and time-consuming probate process through which a will must pass.

The first step is to have their attorney create the document. John and Helen decide to serve as

their own trustee to eliminate management expense, then transfer their investment assets into the ownership of the trust.

The Turners name a local financial institution as secondary trustee in case they are ever unable to serve.

Vehicle for charitable giving

When John and Helen set up the trust, they provide that all or a portion of the income will be paid each year to their favorite causes, including Moravian Ministries, as they direct. The amounts given are income tax deductible as charitable gifts.

When they retire, they plan to again use some or all of the income for themselves.

John and Helen decide that after their lifetimes most of the trust assets will go to the philanthropies they enjoy supporting.

The Turners still own the assets in the trust and also have full access to its earnings, if needed. The income from the trust is reported on their joint income tax return and is deductible as a charitable contribution. In most cases, a separate tax return is not needed.

LIVING TRUST SHOWS BENEFITS NOW AND LATER

A simple plan helps one family give by supplementing income.

The Turners Meet Their Goals:

1. *Continued control of their property now.*
2. *Back-up management for property, if needed.*
3. *A “once in a lifetime” gift.*

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©2004 RFSCO, Inc. All Rights Reserved. NTAX2-05