

GIVING & RECEIVING

Spring 2005

MORAVIAN MINISTRIES FOUNDATION IN AMERICA • 455 SOUTH CHURCH STREET • WINSTON-SALEM, NC 27101
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CREATE A WILL THAT REALLY WORKS

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One of the best ways of remembering the Church is through your will. It is very important, however, to have a will that really works! Let me explain...

I recently received a copy of a will naming a church as the primary beneficiary. While this is great news, we are finding that the will has many flaws and defects. I won't go into the details; the point is to make sure you have a lawyer who is knowledgeable about estate planning to draft your will.

Estate planning is a complicated area. When an estate plan is done well, it's an effective and efficient tool for expressing our last wishes. When it's not, it's a costly mess, with the court often left with the responsibility of interpreting our wishes—something all of us should want to avoid.

In the aforementioned case, this will is going to require the intervention of the courts and may also involve litigation. Why? Because the descendant thought any lawyer would do, and this lawyer didn't! While we hope it will all work out in the end, the legal and court costs associated with settling this estate will be substantial. I believe this is not what the descendant wanted

or expected when he signed his name to the document.

I recommend you read your will every two years, and more often if you are past age 65. Make sure it reflects what you now want to accomplish. Make sure the people named are still alive. Make sure it takes full advantage of all tax breaks and legitimately avoids as many taxes as possible. Make sure it complies with all estate laws and any requirements of the probate process. Make sure a competent and trained lawyer has drafted it. And, make sure the executor is someone you trust.

Finally, I hope that, as you draft your estate plan, you consider remembering your church or favorite ministry. Think for a moment: If you and every member of your church left 10% or even 5% of your estate to the church how much more evangelism, music, outreach, and mission work could be done! In the end, faith is about believing in Christ and responding to His challenge at the Sermon on the Mount.

***Inside: Discover ways to
make tax-effective gifts.***

HELPFUL TAX TIPS

There are many rewarding ways to give.

A variety of factors may be involved in your decisions about charitable giving. They can include the need to assure continued financial security, concern about the well-being of loved ones, prevailing economic conditions, and the desire to make gifts with maximum impact.

The following information may be especially helpful as you consider how to make your gifts most effectively this year.

Extra incentives for property gifts

Making gifts in the form of stocks, bonds, certain mutual funds, and certain other property that has risen in value since you have owned it can make good sense from both philanthropic and financial planning standpoints. If you have owned such property for more than one year, you are generally entitled to an income tax deduction based on the current value of the property, not just the amount you paid for it.

Tax deductions as a result of gifts of appreciated property can serve to eliminate tax on up to 30% of your adjusted gross income (AGI). (Gifts of cash can be deductible in amounts up to 50% of your AGI.) Any unused deductions may serve to lower taxes in up to five additional tax years.

When you make gifts of appreciated property, you also bypass capital gains tax that would be due if you sold the property, adding to the tax savings you enjoy from making your gifts in this manner.

Check your tax rate

You may find yourself in a higher bracket this year by virtue of an increase in income or because of fewer deductions.

If your tax rate is higher this year than last, all deductions you claim as an itemizing taxpayer will be worth more.

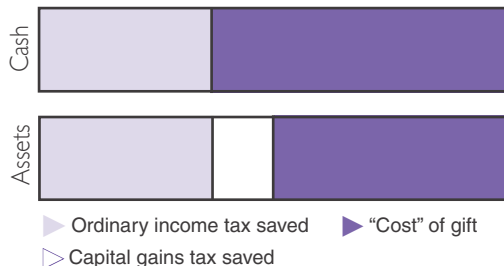
Review retirement plans

Do you have retirement accounts that require you to take withdrawals this year? If you do not need the withdrawal amounts, you may find it wise to use a portion of the amount withdrawn to fund charitable commitments.

Although you report a withdrawal as taxable income, you are allowed an offsetting charitable deduction for your gifts. This can result in a “wash” for tax purposes and also assure that no federal income and/or estate taxes must be paid by your beneficiaries in the future on the amounts donated.

For these reasons, many have found their retirement accounts can represent a convenient “pocket” from which to make charitable gifts.

Maximum Savings per Dollar Given in Cash vs. Appreciated Assets



Over the past few years, the amount one can leave at death to loved ones has been gradually increasing as part of a plan to eventually eliminate federal taxes due on one's estate at death. The amount that can be left to loved ones free of tax is \$1.5 million for 2005.

If you believe your estate will pass to others tax free, or if you are not sure whether estate taxes will apply in your situation, consider arranging for a future charitable gift that will result in immediate income and or capital gains tax savings. This way, you can enjoy tax savings and other financial benefits in the near term while still providing for a signifi-

cant charitable gift as part of your long-range plans.

Known as "life income" gifts, these plans offer one or more of the following incentives:

- Generous fixed or variable income payments for life or another time period you determine
- Income tax savings based on the full value of assets
- Diversification of investments while reducing or eliminating capital gains tax
- Professional asset management
- Reduction of probate expenses

We will be pleased to provide more information to you and your advisors about these charitable giving opportunities.

GIVE NOW... AND LATER

Give now and receive payments for life.

Q. Why should I arrange my gifts as early as possible?

A. Even though you have until December 31 to complete your gifts for tax purposes, it's best to begin discussing your plans with advisors early to assure enough time to decide the best ways to give and to complete transfers in a timely manner without undue haste.

Q. What if I make more charitable gifts than I can claim on my income tax this year?

A. If you make more gifts than you can claim in any one year (more than 50% of your adjusted gross income (AGI) for cash gifts, and 30% of AGI for gifts of appreciated property), the excess deduction can be carried over into the next five years.

Q. Are there special considerations if I believe I will be in a different income tax bracket next year?

A. If your tax bracket will be higher this year than in 2006, it is in your best interest—from a tax planning standpoint—to make your gifts before the end of this year. Remember, the higher your tax rate, the greater your tax savings from charitable gifts.

Q. What if I don't have enough gifts to itemize?

A. You may be able to itemize in some years by "bunching" more than one year's charitable gifts into one tax year. This may also make it possible to obtain tax benefits from deducting other expenses, such as property taxes on your home.

FREQUENTLY ASKED QUESTIONS

Determining the best time to make your gift.

IT'S EASY TO GIVE SECURITIES

*Follow proper
techniques and
timing for best
results.*

If you would like to make a gift in the form of stock or other securities, such gifts can be accomplished with a minimum of effort. What follows are some basic pointers. We will be pleased to work with you and your financial services provider if you would like to make a gift in this way.

If you hold the stock certificate:

- Mail the unendorsed stock certificate to the charitable recipient in one envelope.
- In another envelope, mail the signed stock power form to the same recipient.
- Your gift is complete on the date of postmark of the later envelope.

If you do not have the stock certificate, or if you are giving mutual funds:

- Contact your financial services provider to arrange the gift transfer.
- For tax purposes, the gift is complete at the time of the actual transfer.

Points to keep in mind:

- Act as soon as possible—transfers can take time.
- Let your financial services provider know that the timing of your gift is important for tax purposes.
- Make sure your financial services advisor transfers the assets instead of selling them and transferring the proceeds, potentially triggering a capital gains tax liability.

NQXX-05

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.

