

# GIVING & RECEIVING

Spring 2006

MORAVIAN MINISTRIES FOUNDATION IN AMERICA • 455 SOUTH CHURCH STREET • WINSTON-SALEM, NC 27101  
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Increasingly charities, hospitals, colleges, and universities are promoting planned giving to their constituents, alums, and members. And, the Moravian Church, our local congregations, and varied ministries are no different. Given the accumulated wealth that many people have in retirement plans, savings, real estate, and other valuable assets—and the many needs that go unmet everyday—it's no wonder planned giving is in vogue.

So you might be thinking: Now he is going to tell me why I should make a planned gift to the church. Honestly, I am not going to say that. Instead, I'd rather talk about how the Moravian Ministries Foundation can help Moravians with their personal, financial, and estate planning.

To begin, the Moravian Ministries Foundation is a rather unique organization. We are not a traditional fundraising organization. By this I mean the Foundation is not in the business of asking folks to contribute or give to any particular ministry. Yes, we hope people will make planned gifts to their local congregation and favorite ministry—but we do not engage in any form of solicitation. In our view, the task of educating Moravians about the needs of a local church or

ministry rests squarely on the shoulders of that entity.

So, if we are not fundraisers and we do not encourage anyone to give to any particular ministry, what does the Moravian Ministries Foundation do?

Very simply, we help charitably motivated Moravians live and experience their charitable dreams and aspirations. We lend the tools and strategies we have to help folks reduce their tax bills, pass wealth on to future generations, simplify and streamline the estate planning process, turn highly appreciated assets into lifetime dreams—all of which will eventually help the church or ministry of each person's choosing.

Our work is driven by each person's needs and wants. Our aim is to help each Moravian, using the powerful tools we have at our disposal, to achieve the unique goals each person or couple has for himself/herself or themselves. Our challenge is to provide this information in such

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***Inside: Meet planning goals while making a difference for future generations.***

# USING CHARITABLE GIFTS TO FUND EDUCATIONAL EXPENSES

*This couple fulfills several goals with one plan.*

Mr. and Mrs. Howard have three grandchildren who have recently entered college.

They have promised to help with their expenses. The Howards have also planned to make charitable gifts to Moravian Ministries through their estates.

In a meeting with one of their advisors, they learn about a way they can accomplish both objectives with one plan.

## *Unlock income*

The Howards own securities worth \$200,000 that have increased greatly in value from their original cost of \$75,000. Dividends yield just \$2,000, not nearly enough to provide the \$25,000 total per year they have promised their grandchildren.

They have thought about selling the securities and using the net proceeds to help with educational expenses, but they are concerned about the payment of capital gains tax on the \$125,000 profit from the sale.

## *Education trust fits needs*

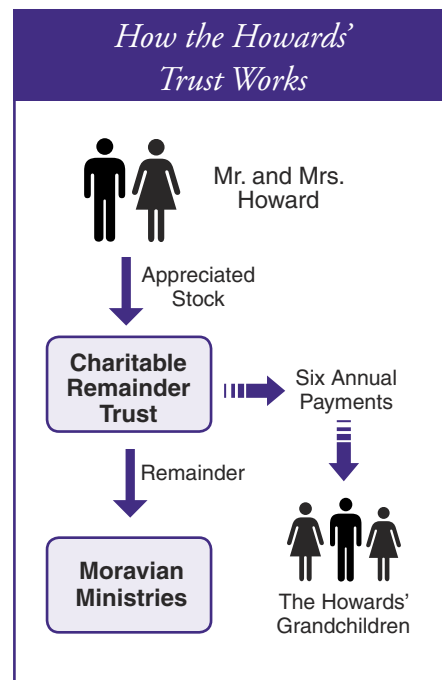
Instead, they might consider placing the securities in a charitable remainder trust. Such a plan could be designed to pay \$30,000 each year for six years for educational purposes.

At the end of the six years, if the trust earns a total return of 8%, there will be over \$100,000 remaining that can be used to benefit Moravian Ministries.

They will also be entitled to a charitable deduction of nearly

\$50,000 in the year the trust is funded. Any gift or generation skipping taxes should be covered under exemptions allowed by law.

Because the funds will eventually be used for charitable purposes, all gain on the sale of the securities in the trust will be free of capital gains tax at the time the trust sells them.



## *Designate trust's duration*

Such educational charitable remainder trusts may last for any period of time up to 20 years. Payments can be determined by the donor as part of the planning process.

We will be pleased to prepare an illustration showing how you might combine planning for educational expenses with your desire to make meaningful philanthropic gifts to Moravian Ministries.

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. NGAX2-06

Would you like to provide regular lifetime income payments for a friend or relative? It may concern you that there are no tax deductions for such gifts, and that they must thus be made from after-tax dollars.

What if there were a way to assure a parent receive payments that are partially free of tax for a period of years? One that would entitle you to receive an immediate income tax deduction for a portion of the amount used to fund the gift?

Fortunately, there is a way to do just that. Through a charitable gift annuity, payments can go to a parent while you make a welcome charitable gift to Moravian Ministries.

**Example:** Diana Parker, 58, enjoys making regular charitable gifts in memory of her husband, Ted.

She has recently started giving her mother, Mrs. Taylor, 83, a total of \$350 per month. She receives no tax benefits from the gift. In her tax bracket it takes approximately \$500 every month before tax to fund this gift. If her investments earn 5%, she would have to invest about \$120,000 to produce the income necessary to fund the gift to her mother.

Mrs. Parker learns that she can establish a charitable gift annuity that will make yearly payments to her mother of 8.8% of the gift amount for the rest of her life. (See the chart at right for payment rates at various ages.) A gift annuity funded with just \$50,000 would provide reliable fixed payments of \$4,400 per

year, payable at the rate of \$366 per month.

Mrs. Parker will be entitled to a federal income tax deduction of over \$23,500 in the year she makes her gift, saving her approximately \$8,000 in income taxes.

She's reassured, knowing that her mother will receive payments each year for life that will never change, regardless of the economy or changes in interest rates. The payments are a fixed obligation backed by all of our available assets.

## EXTRA INCOME THEY CAN'T OUTLIVE

*Increase your savings through tax-wise gifts to loved ones.*

### Gift Annuity Payment Rates (Single Life)

Age	Rate	Age	Rate	Age	Rate
65	6.0%	75	7.1%	85	9.5%
66	6.1	76	7.2	86	9.9
67	6.2	77	7.4	87	10.2
68	6.3	78	7.6	88	10.6
69	6.4	79	7.8	89	11.0
70	6.5	80	8.0	90+	11.3
71	6.6	81	8.3	Please write for exact current benefits and rates for two persons.	
72	6.7	82	8.5		
73	6.8	83	8.8		
74	6.9	84	9.2		

*For illustrative purposes only.*

Mrs. Parker is pleased to learn that her gift can be designated in memory of her husband.

More information about ways to make gifts that produce income supplements for loved ones is available upon request.

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# DEAR BROTHERS AND SISTERS,

*Continued from page 1*

a way that Moravians come to see us as a service and resource that can help them. Our hope is that every Moravian will look into their heart and consider leaving, at least, ten percent of all they own to their church or favorite ministry for the needs that are most important and valued to them.

Since the Moravian Ministries Foundation began in early 1998, we have helped literally hundreds of Moravians realize their dreams

and achieve their goals. Our services are free, confidential, and without any obligation. Just call (888.722.7923), email ([paul@mmfa.info](mailto:paul@mmfa.info)), or visit our website ([www.mmfa.info](http://www.mmfa.info)) and look for the GiftLegacy link.

I'll look forward to hearing from you!

Paul D. McLaughlin

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**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 26-year old daughter, Cailin, earned her Doctor of Pharmacy from the University of South Carolina and currently resides and practices in Charleston, SC. 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](mailto: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](mailto:chichi@mmfa.info).