

As an integral part of the Church's mission, to provide financial and structural soundness for future generations, the Church Committee has implemented a planned and estate giving program. The Church's legal counsel has reviewed and endorsed this program, and accounting and legal advisors have been identified to assist the Church in the implementation of the program. Further, the Finance Committee has updated and refined its investment policy to insure adequate safeguards while allowing creative management of its endowment funds.

The Committee believes that the planned and estate giving opportunities described here offer donors a variety of ways in which to benefit the Church and, in some cases, insure life income for themselves. Such gifts will help to assure the long term financial stability of the Church and provide funds that will support its commitment not only to its members, but also to expand Christian education for future generations.

Before any planned or estate gift is made, the Church encourages all potential donors to consult their attorney and/or tax advisor. The Finance Committee will review each potential gift to ensure that it can meet the objectives of both the donor and the Church.

### 1. BEQUESTS

Bequests are an essential element of the Church's support program and have traditionally been the main source of endowment support. A bequest to the Church will qualify your estate for an estate tax charitable deduction equal to the entire amount that you bequeath.

A bequest to the Church may be in the

form of a sum of money, securities, a stated percentage of one's estate or personal property. The bequest may be designated for a specific purpose that meets the donor's personal interest, or it may be unrestricted. From the church's viewpoint, an unrestricted gift is preferable for it offers the flexibility to use the funds for operations or for emergencies.

Generally, there are four types of bequests—specific, general, residual and contingent—all of which the Church will accept.

#### Specific:

"I give to the Church my kitchen equipment for its general use and purposes."

#### General:

"I give to the Church the sum of \$\_\_\_ cash for its general use and purposes."

#### Residual:

I give to the Church \_\_\_% of the residue of my estate."

#### Contingent:

"I give the rest of my estate to my spouse, if my spouse survives me. If my spouse predeceases me, than I give \$\_\_\_ to the Church."

### 2. GIFTS OF APPRECIATED SECURITIES

Outside of cash gifts, the donation of securities, especially appreciated securities, is one of the most attractive methods of realizing your charitable intention toward the Church. The gift of appreciated securities provides the donor with a charitable income tax deduction equal to the fair market value of the securities on the date of the gifts. The donor avoids capital gains tax on such a transfer (if the stock has been held for at least one year).

A contribution of stock, for example, is completed upon the unconditional

delivery of a properly endorsed certificate to the Church or the Church's fiduciary agent. The deductibility for the donor is subject to current tax laws governing charitable gifts.

### 3. LIFETIME INCOME PROGRAMS

The Church has established several lifetime income programs, programs that represent irrevocable transfers of money or securities for the benefit of the Trust with income to the donor or other designated beneficiaries. Income beneficiaries are usually husband and wife, but it is not necessary for the annuitants to be legally related.

Currently, there are two lifetime programs - Charitable Remainder Trust and Charitable Gift Annuity - that the Church accepts.

#### A. Charitable Remainder Trust:

During one's lifetime, a donor establishes an irrevocable trust, the income from which is first distributed to one or more beneficiaries for life or for a period of years (not to exceed 20 years). This distribution can be in either dollar amounts (annuity trust) or a fixed percentage of the value of the trust's assets (unitrust). At the death of the last income beneficiary or the expiration of the term, the remainder interest is distributed to the Church.

The Church's bank, among others, can serve as a trustee of this trust at the donor's request. You are entitled to a charitable contribution deduction on your income tax when you establish the trust, the trust never pays capital gains tax, and at death, the trust will not be taxed as part of your estate.

## **B. Charitable Gift Annuity:**

A charitable gift annuity is both a gift and an investment. You contribute cash or marketable securities to the Church in exchange for an agreement by the Church to pay a guaranteed dollar amount for life in return for your irrevocable gift. The use of appreciated securities to establish this form of planned giving has become extremely popular with donors. Income beneficiaries are usually husband and wife, but it is not necessary for annuitants to be legally related.

## **4. GIFTS OF LIFE INSURANCE**

The donation of life insurance policies often provides a larger gift than would otherwise be possible for the same amount of money. An outright gift of a life insurance policy is accomplished simply by notifying your insurance agent or company that you desire to irrevocably designate the Church as the owner and beneficiary of the policy and assigning to the Church all the incidents of ownership.

For the donor, the gift of life insurance policies has a number of benefits:

- No gift tax liability is incurred if the entire rights are given to the Church;
- You may take a charitable income tax deduction equal to the cash surrender value of the policy on date of that gift;
- An additional charitable income tax deduction may be taken for the amount of any premium payments that you subsequently make on the Church's behalf;
- Realization that the original intent of an existing life insurance policy may no longer be valid (i.e. a

policy for the benefit of a son or daughter who has attained financial security.

## **5. CHARITABLE LEAD TRUSTS**

A charitable lead trust benefits the Church by providing annual income to fund the Church's day-to-day operations. Such a trust can be established during your lifetime or via a will at death. You may specify who ultimately receives the payment. You may consider a charitable lead trust if your heirs are already self-sufficient or if you wish to delay an inheritance while benefiting the Church now. An immediate income tax deduction is available for a charitable lead trust established now, and either a lifetime or a testamentary charitable lead trust can reduce the crushing burden of federal estate taxes.

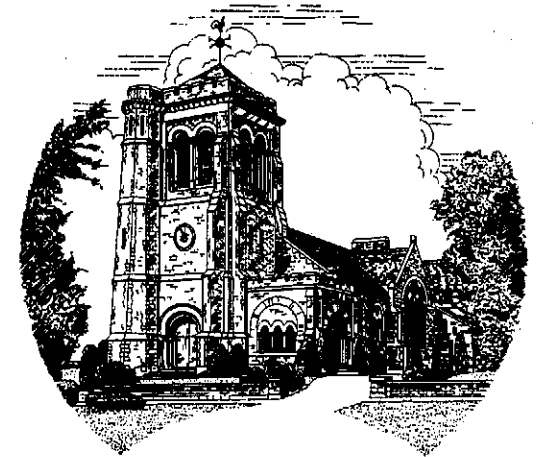
## **6. GIFTS OF IRAs AND OTHER RETIREMENT PLANS**

Many individuals, either as a result of retirement or creative financial planning or both, have another giving option available. The Church will accept IRAs or other qualified retirement plans which are irrevocably assigned and which the Church is named as the prime beneficiary. A donor may name the Church as beneficiary for part or all of what remains in his/her retirement account.

These types of gifts are deductible from a donor's gross estate and offer substantial estate tax savings.

**Village Congregational Church  
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# **Village Congregational Church**



**Planned and Estate  
Giving  
Opportunities**

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