

ESTATE & GIFT PLANNING RESOURCE GUIDE

ARKANSAS BAPTIST
Foundation 

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Estate Planning Overview

The Foundation offers free estate planning for Arkansas Baptists working in denominational service and free drafts of estate planning documents for lay members who would like to leave at least ten percent (10%) of their estate to their church or favorite ministry.

What is Estate Planning?

Estate planning, at its core, is the process of determining to whom, in what manner, and when you will transfer the possessions you have been blessed to steward. In addition to planning for incapacity, it is your last opportunity for stewardship and establishment of your legacy giving plan.

Typical Estate Scenarios:

1. Tithe your estate
2. Treat the church as though they are an additional child with equal shares
3. If no children—100% to the church

How to get started:

If you would like to start the legacy planning process, please visit www.abf.org/legacy.

If you do not have access to a computer, please call our office and we can provide you with a hard copy of the form needed to get started.

Gifts Anyone Can Afford

Have you ever wished you could do more to help the church's work, but thought you could not afford to make a charitable gift? We've listed some ways you may be able to contribute.

Beneficiary Designations: Naming the church as the beneficiary of a retirement plan, financial account, or annuity is an easy way to help further this mission while you continue to benefit from these assets during your lifetime.

Life Insurance: If you have an old, unneeded life insurance policy, you can donate it to the church and take an immediate tax deduction. You can also name the church as beneficiary on the policy.

Life Estate: If you own your home and wish to remain living there, you can transfer your home to the church while retaining the right to use the home during your lifetime. You also enjoy the added benefit of an income tax deduction.

Avoiding Probate

What is it?

Probate is nothing more than the court-approved transfer of assets. Generally, any asset held in your individual name at death must go through probate. Unfortunately, a Last Will and Testament does not prevent your assets from going through probate. A Last Will and Testament tells the court and your Executor how to distribute your assets at the end of the probate process. There are multiple ways to avoid having to go through probate including, but not limited to, setting up a revocable trust or designating automatic beneficiaries on all of your assets.

How to avoid probate:

- Use some type of trust instrument or beneficiary designations
- Use a beneficiary deed as a method of allowing real property to be transferred without the court's supervision
- In order for a revocable trust to pass things out of probate, the trust must own the asset or the asset must be made payable on death to that trust

How to get started:

If you would like to start the legacy planning process, please visit www.abf.org/legacy.



Will vs. Trust

Whether you are 18 or 108, every individual, needs to have a plan in place because the assets we have accumulated during our lifetime have to be distributed to those we leave behind. Typically, individuals execute a Last Will and Testament (Will) or Revocable Trust (Trust) to achieve their estate planning goals. The below chart is a non-exhaustive and informal list of the distinguishing characteristics of a Will or Trust.

Will	Trust
Lists your last wishes including beneficiaries, executor, and who should care for any minor children	List your last wishes including beneficiaries and trustees
Must be probated to be effective	Distributes assets it owns outside of probate and court supervision
Generally, requires an attorney to process	Although advisable, a trust does not require an attorney to process the trust at time of administration
Public record once probate is filed	Generally, a trust is private

The information contained in this publication does not constitute legal advice, and you should consult with your own legal counsel concerning your individual situation.

If you would like to start the legacy planning process, please visit www.abf.org/legacy.

Payable on Death/Transfer on Death Gifts

What is it?

Transfer on Death (TOD) and Payable on Death (POD) gifts are a way to support your church or favorite ministry(ies) by naming them as the primary or contingent beneficiary of a particular account or policy. When you pass away, the proceeds of your account or policy go to your church or favorite ministry(ies).

Advantages:

- Designating your beneficiaries before your death avoids probate
- You still own your account while you are living and can use the money if your needs ever change.
- You can change the beneficiaries on your accounts as often as you like

How to get started:

Go to your bank or financial institution and fill out their beneficiary designation form



IRA Charitable Rollover or Qualified Charitable Distribution

What is it?

A Qualified Charitable Distribution (QCD) is also known as an IRA Charitable Rollover. It is a charitable gift made by the owner of an IRA directly to the qualified charity. The owner must be 70 1/2 years of age or older and can exclude up to \$100,000 from your taxable income annually.

Generally, any amounts taken out of your tax-deferred Individual Retirement Account (IRA) will be included in your taxable income. By using a QCD, you bypass taxable income, benefitting both you and your church or favorite ministry. If you don't need any portion of your RMD or you regularly give to your church or favorite ministry, you should consider making those gifts from your IRA.

Advantages:

- While you will not receive an income tax deduction, you can satisfy all (or a portion) of your Required Minimum distribution (RMD) while excluding the amounts distributed to ministry from your taxable income.
- By reducing your income, you have the potential to lower your Medicare premiums.

How to get started:

1. Start by contacting your IRA custodian, inform them that you would like to make a "qualified charitable distribution." Many custodians will provide you with a form to use to complete your gift. If your custodian does not have a form and asks for written instructions, please contact the Arkansas Baptist Foundation. The Foundation can provide you with a sample letter you can use.
2. After you have completed your form or letter provide it to your IRA custodian.
3. Once your IRA custodian has received your instructions, they will send your gift to the Foundation, your church, or favorite ministry.

Let us know:

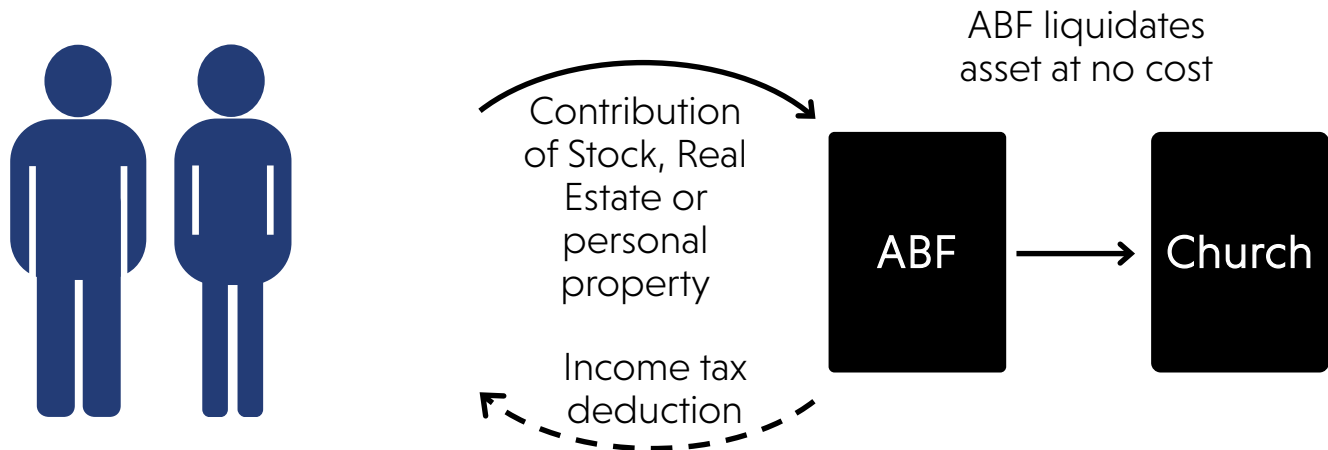
If you decide to make an IRA charitable rollover gift through the Foundation to your church or favorite ministry, please contact the Foundation. It is common for IRA custodians to send a check without any indication as to the source of the gift. If we are expecting your gift, we can deliver it according to your instructions. Charitable rollover gifts can *ONLY* be made from an IRA. Please contact the Foundation on how you can benefit from the IRA Charitable Rollover/Qualified Charitable Distribution.

Non-Cash Gifts

What is it?

Making a charitable gift of appreciated stocks, bonds, mutual funds, real estate, or other personal property is easier than one may think. Making this kind of non-cash gift may be the most tax-effective way for you to give to your church or favorite ministry(ies).

How it works:



Advantages:

Securities and Bonds

- Charitable income tax deductions can become savings on your next tax return.
- Making a gift instead of selling your investment avoids capital gains and healthcare taxes
- Gifting an asset instead of a cash gift gives the opportunity for some to give larger gifts

Real Estate and Other Personal Property

- Eliminate property ownership expenses
- Receive an income tax deduction from the fair market value of the property or sale value
- Avoid capital gains tax by giving property instead of selling

How to get started:

- For instructions on how to transfer securities from your account to ours, so your gift can be sent to your selected church(es) or ministry(ies), please see our website or contact the Foundation.
- If you are making a gift from a brokerage or investment account, your gift is typically made electronically.
- If you are making a gift of real estate or other personal property, please contact the Foundation for next steps.

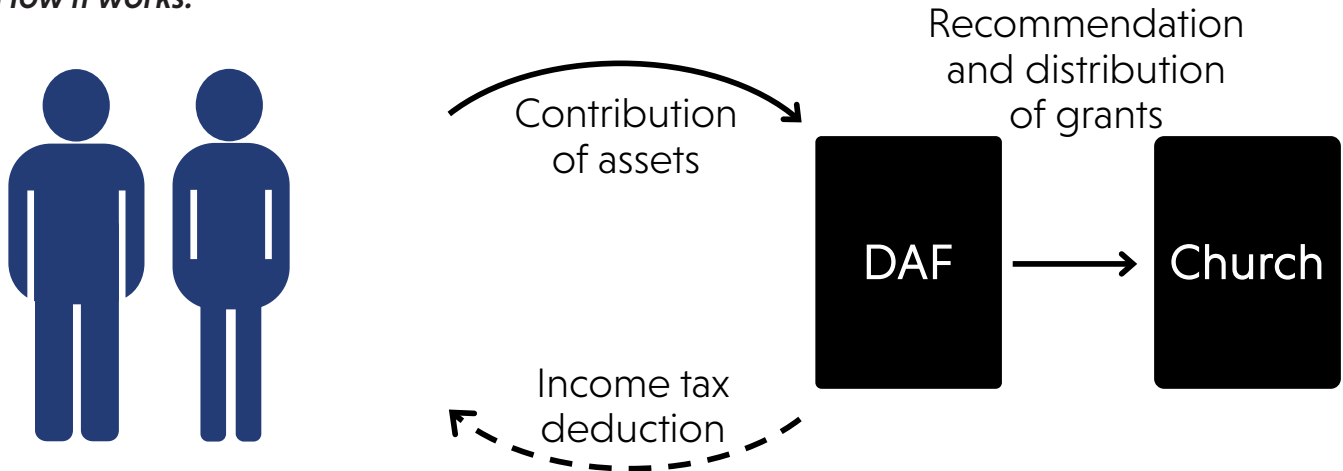


Donor Advised Fund

What is it?

A Donor Advised Fund (DAF)/Charitable Giving Fund (CGF) is a simple and flexible vehicle for you and your family's charitable giving without the hassle and costs involved with private foundations. Think of a DAF as having a savings account that allows you to meet the needs of your church or favorite ministry immediately or over time. After the DAF is established, you may make recommendations for distributions to your selected church or ministry(ies).

How it works:



Advantages:

- Give appreciated capital assets avoid capital gains taxes
- Immediate income tax deductions with each gift
- Flexible giving timelines and simple set up
- Use a variety of assets including cash and appreciated securities to give

How to get started:

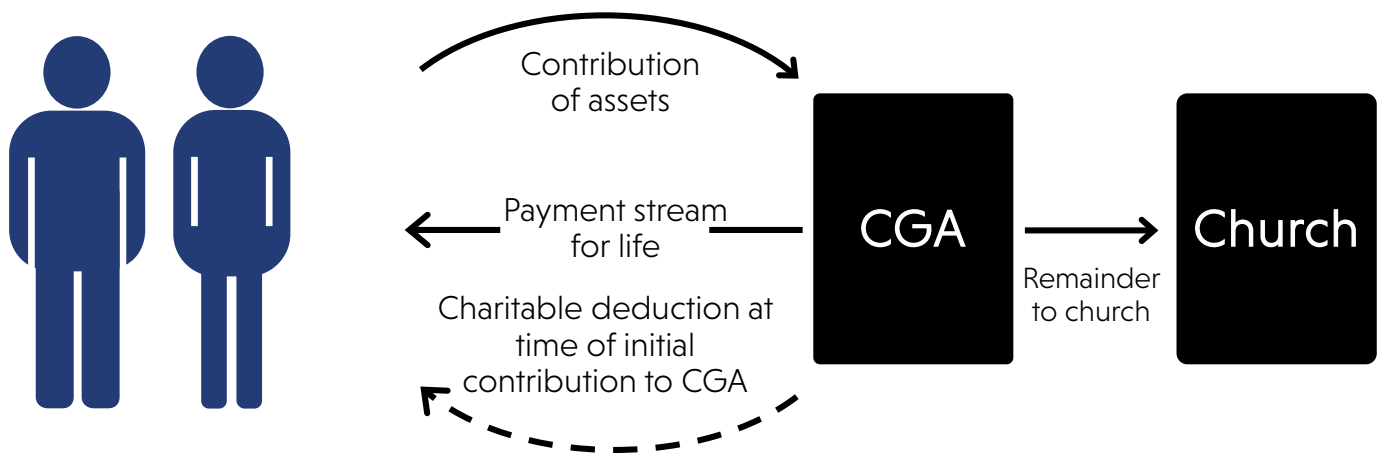
- Visit abf.org/resources under "Account Forms" fill out the "Charitable Giving Fund: CGF Form"
- You can make contributions to your fund, which we can invest in order to benefit the church(es) or ministry(ies) you selected.
- Once your fund is created, you can advise us to make a distribution from your fund to support the work of your church or favorite ministry(ies).

Charitable Gift Annuity

What is it?

A Charitable Gift Annuity (CGA) is an easy way to receive a charitable deduction and create income streams while simultaneously providing for your church or favorite ministry. A CGA is a contract between an individual and a charity where the individual contributes assets in exchange for a lifetime of fixed payments. These payments will depend on the age(s) of the person(s) who receive the payments and when the CGA is established. The individual receives an income tax deduction in the year of the gift. After all required payments, the CGA will distribute any remaining funds to your church or favorite ministry.

How it works:



Advantages:

- Fixed lifetime payments for you and up to one other person
- Bypass capital gains tax on appreciated assets
- Charitable income tax deduction
- Payments can be received monthly, quarterly, semi-annually, or annually

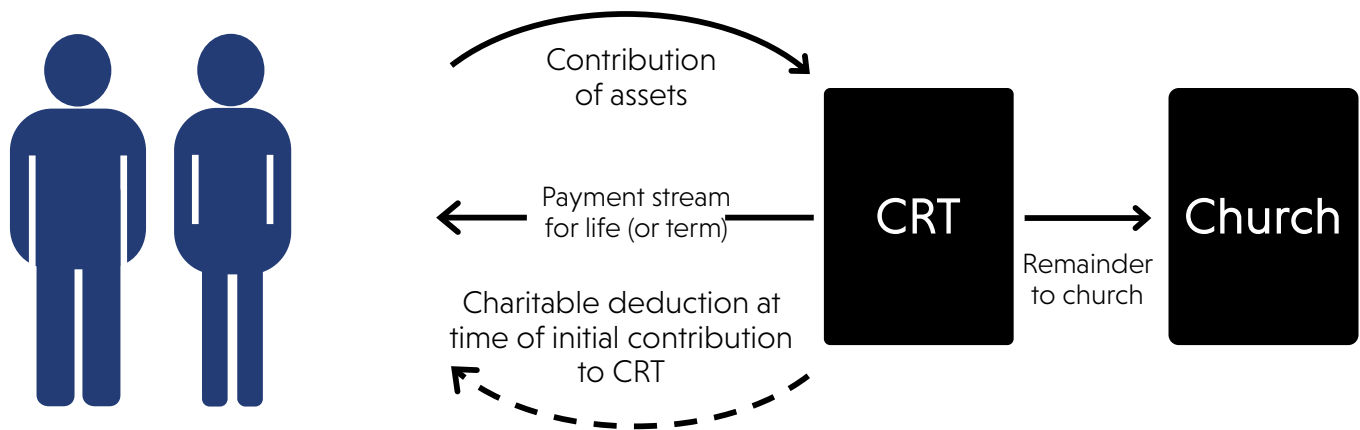


Charitable Remainder Trust

What is it?

A Charitable Remainder Trust (CRT) is a great way to create income streams for you and your loved ones and save taxes while simultaneously providing for your church or favorite ministry. A CRT is an irrevocable trust that is established by an individual(s) and provides a lifetime income for one or more recipients and will eventually leave a gift to your favorite ministry. Additionally, you can set a term of up to twenty (20) years on a CRT. At the termination of the trust, the remainder is used to benefit your church or favorite ministry. CRTs may be established during life or at death through your will or revocable living trust.

How it works:



Advantages:

- Receive a charitable tax deduction for part of the funding amount.
- Bypass potential capital gains on appreciated assets
- Lifetime income to you or your loved ones
- Allows you to stretch payments to your loved ones on tax-deferred assets, like retirement accounts, longer than ten (10) years.



ABF.ORG | 501.376.4791 | INFO@ABF.ORG
10 REMINGTON DRIVE | LITTLE ROCK | ARKANSAS 72204

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