Offerings

A Lutheran Planned Giving Newsletter **Summer 2003**

Giving in Full Measure

When Ed Peters was a young man in his first job, earning $15.00 per week, his wages came in the form of cash in an envelope. He used to watch another worker open his envelope and say, as he took out the first bill, "This is for God", before setting aside other amounts for household expenses and savings. Ed looks back now and concludes "Watching that man divide up his pay made more of an impression on me than all the stewardship sermons I've heard in the years since."

Now in their late 80s, Ed and Clara Peters recently concluded a transaction that created a large immediate gift to Canadian Lutheran World Relief (CLWR). Using a substantial part of their life savings, they entered into a gift annuity agreement with the help of Lutheran Planned Giving. What remained after the gift to CLWR was used to purchase a joint annuity. That means that the monthly payments will continue as long as either one of them is alive, ensuring them sufficient income to pay the fees at a nursing home if they ever have to give up their apartment.

Ed and Clara live in the small southern Ontario city where Ed was raised. Clara grew up on a farm about twenty miles away. After they were married they started attending the Lutheran church in town. At the time the congregation worshipped in a house, but soon the pastor called on them. "He was collecting money to build a new church building", Ed remembers. "We gave him $100, which was about what I was earning in a month. It was a lot of money. Later he came back and returned $50 because he didn't feel it was right that one couple carried such a big share of the load."

Shortly thereafter the Peters's moved to a larger city and attended church there. That pastor encouraged the congregation to support his "miracle of the month". Each month the congregation was challenged to donate to an overseas project. "One month we were digging wells in Africa, the next month it was buying uniforms for school children in Japan. I can remember people lining up after worship to see the pastor and make their donation."

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Giving in Full Measure

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Asked why they chose to support CLWR, the international aid and relief organization, Clara doesn’t hesitate. “Ed always said he was going to give his money to feed hungry children.” Clara never worked outside the home, but she managed the money that Ed earned. Through careful budgeting, frugal spending and shrewd investing, she made sure that there was enough money for an annual vacation. The couple have visited 43 countries in the Americas, Africa, Europe and the Middle East. They have vivid memories of the deprivation they saw in many parts of the globe. At the end of each year, there was always a special gift for CLWR.

Even though their mobility is limited – both get around the apartment with the help of a walker – Jack is grateful for what they have. “God has been good to us. We’ve always had enough money. We’ve been so darned lucky, but it’s not really luck. God has a plan for everyone on this earth. I can’t take any of the credit for what I’ve done. It’s like the Bible says, ‘give, and it will be given to you. A good measure, pressed down, shaken together, running over, will be put into your lap; for the measure you give will be the measure you get back.’”

Ed and Clara wouldn’t allow their picture to be taken for this story. In fact, they wouldn’t allow their real names to be used. But they did want other people to know how they felt about their decision to make a planned gift to the church. “We’re very happy with the annuity”, Clara said. “I just wish we had done it ten years sooner.”

The Lighter Side

When Ole moved up to northern Saskatchewan he discovered that he was the only Lutheran in his new little town of all Catholics.

That was OK, but the neighbours had a problem with Ole barbecuing venison every Friday during Lent. They couldn’t eat meat on those Fridays, and the tempting aroma was getting the better of them.

Hoping they could do something to stop this, the neighbours got together and went over to talk with Ole. Eventually they persuaded him to join their church.

The big day came and the priest had Ole kneel. He put his hand on Ole’s head and said, “Ole, you were born a Lutheran, you were raised a Lutheran, and now,” he said as he waved some incense over Ole’s head, “now you are a Catholic.”

Ole was happy and the neighbours were happy. But the following Friday evening at suppertime there was again that aroma of grilled deer meat coming from Ole’s yard.

The neighbours went to talk to him about this and, as they approached the fence, they heard Ole saying, “You were born a whitetail, you were raised a whitetail and now,” he said as he sprinkled seasoning salt over the choice tenderloin cut, “now you are a walleye.”

Thanks to Offerings *reader Rev. Herb Kleiner for sending in this story.*

Adopting the Church

When a person decides to remember the church in his or her will, the logical next question is – how much?

There are several choices available:

- making a gift of a piece of property, such as a home, farm, cottage, cabin or lot;
- naming a specific amount of money;
- designating a percentage or share of the residue of the estate (that is what remains after all debts, taxes and specific bequests have been paid).

Naming a percentage in a will instead of an amount offers various advantages. For one thing, the gift stays in step with the size of the estate. Inflation will not reduce the gift to insignificance.

But for a person who decides on leaving the church a percentage of the estate's residue, the work is still not complete. How big a share is appropriate?

One answer is to "adopt the church". This terminology was suggested by a couple who had decided to divide their estate among the children when both of them were gone, but to give the church an equal share too. Since this meant treating the church like one of the family, they called it adopting the church.

Among the fans of this approach are Eastern Synod Bishop Michael Pryse and his wife Lois, parents of four daughters. Like many other couples, they wrote their wills so that each leaves their entire estate to the other. But when there is no surviving spouse, the remainder will be divided among the four girls and the church, each getting one-fifth of the total.

"When Lois and I first decided to make a planned gift," says Bishop Pryse, *" we wanted to ensure that the gift represented a significant portion of our estate. At the same time, we wanted to make sure that gifts to our children were made in as fair and equitable a way as possible. This particular plan was suggested to us as an appropriate way to meet these needs. We think it's a terrific way to give expression to our family's understanding of stewardship. It makes good sense and it's a way of providing planned gifts that any of us, regardless of*

circumstance, should give consideration to doing."

The way the income tax system works, each of the four children in a family like the Pryses can actually expect to receive more than 20 percent of their parents' estate, notwithstanding the charitable gift. Almost one-half of the donation is returned to the estate, in the form of charitable tax credits, to be divided among the other beneficiaries. Each child's share would be over 22 percent at today's rates. Without the charitable bequest they would have received 25 percent, so their parents' gift reduces each share by less than three percent of the total estate.

Lutheran Planned Giving can provide sample language to help you adopt the church or create several other forms of bequest. If you need help putting your thoughts into words before visiting a lawyer to have your will drawn up or revised, give us a call or contact us by e-mail.

Offerings is a publication of Lutheran Planned Giving, a ministry of the Evangelical Lutheran Church in Canada. Lutheran Planned Giving does not provide or purport to provide legal or tax counsel. We urge our readers to consult with and rely upon the opinion of qualified legal, tax and financial advisors before implementing any of the ideas described in this publication.

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More Changes to Gift Annuity Rules

In the waning days of 2002 the government of Canada introduced amendments to the Income Tax Act that have changed the way charitable gift annuities are taxed. Charities have been issuing gift annuities for many decades, and the arrangement has long been recognized by Revenue Canada (now the Canada Customs and Revenue Agency, or CCRA).

Charitable gift annuities are a method for a person to make a charitable donation while at the same time purchasing an annuity agreement. See the fall 2002 edition of *Offerings* for a complete explanation of how gift annuities work.

The changes in the tax treatment of gift annuities now allow us to provide *all donors* with an immediate donation receipt for the gift portion of the arrangement. This receipt can be filed with the donor's income tax return to reduce income taxes paid in the year of the donation or any of the next five taxation years. In addition, a portion of annuity income is received tax-free. The older the annuitant the higher the tax-free percentage; **at some ages annuity income is 100% tax-free**.

We are also able to quote annuity rates in two ways, allowing the donor to specify either:

a. the size of the gift portion, providing it is at least 20% of the total contribution; OR

b. the amount of annuity income to be received, up to a maximum determined by the size of the contribution and the annuitant's age.

This flexibility means that we can tailor a gift annuity to meet the income needs and charitable intentions of almost any donor. If you:

. . . have reached the age of 65 years; and

. . . want to make an immediate gift to the church; and

. . . can afford to donate at least $10,000 in capital; and

. . . would like to increase your after-tax income; then

call Lutheran Planned Giving to get a customized written illustration and a package explaining how a gift annuity could meet your needs.

Help More, Live Longer?

A team at the University of Michigan has found that seniors who give, live longer. Psychology researchers studied 423 older people over five years and found that those who are helpful to others reduce their risk of dying by nearly 60 percent compared to peers who provide neither help nor emotional support to relatives, neighbours or friends. The paper's lead author, Stephanie Brown, found that people who reported providing no help to others were more than twice as likely to die over the study period as people who gave some help to others.

Receiving help from others, however, was not linked to a reduced risk of mortality. "If giving, rather than receiving, promotes longevity, then interventions that are designed to help people feel supported may need to be redesigned so that the emphasis is on what people can do to help others," said Brown. "In other words, these findings suggest that it isn't what we get from relationships that makes contact with others so beneficial; it's what we give."

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Let Us Know

If you:

- have a comment, question or quibble;
- need more information;
- want to share a story or tell us about your gift

You can reach us at:

Lutheran Planned Giving
1-888-308-9461
lpg@worldchat.com

If you received more than one copy of this newsletter, please pass a copy on to someone who might appreciate the opportunity to learn more about planned giving.