



# Different Ways to Make Planned Gifts

*If the willingness is there, the gift is acceptable according to what one has.  
(2 Corinthians 8:12)*



**WELS Foundation**  
Wisconsin Evangelical Lutheran Synod



## A Gift that Makes a Lasting Impact

After the Israelites crossed the Jordan River to enter the Promised Land, they set up a stone memorial so that future generations would know the goodness of God (Joshua 4:4-9). In the same way, Christians today arrange gifts to share Jesus' love with the people in their lives and the generations to come.

WELS Foundation helps members of the Wisconsin Evangelical Lutheran Synod and is guided by the same principles on which our church body was founded. Christ's love is what we are all about. By that love we are redeemed and forgiven. His Spirit has made us his own by faith and given us the promise of a relationship with him now and forever in heaven. God has graciously called us to help WELS members and organizations pass on his great love in Jesus to the next generations so they might know and reflect Christ's love.

This booklet provides an overview of the different ways available to give thanks to the Lord and worship him with offerings to your congregation, WELS (Home and World Missions, Ministerial Education, Congregational Services), and WELS-affiliated ministries. By making a donation to WELS Foundation for a charitable gift annuity, a charitable remainder trust, a donor advised fund, or an endowment—or supporting ministry through another giving instrument—your Christian faith is making a lasting impact and helping to do the Lord's work.

Like the stones placed by the Jordan River, your gifts are a way to share God's grace with others now and after you enter the Promised Land of heaven.

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The information in this booklet is not intended as legal advice. For legal and tax advice, WELS Foundation encourages you to consult an attorney or tax professional. The figures cited in the examples in this booklet are for hypothetical purposes only and are subject to change. References to estate and income tax include federal taxes only. Individual state taxes and/or state law may impact your results.

# Cash

For your gifts to affect tax savings in any one year, they must be made by December 31st. Careful planning can help maximize tax benefits at year-end.

## **Easy ways to give**

Most charities provide donors the convenience of making gifts via a credit card or electronic funds transfer from a bank account. Donors can do this by either going online to the charity website or calling the charity. The donor can either make a one-time gift or set up an automatically recurring gift that is withdrawn on a particular day of the month according to the schedule the donor sets up. Check with the ministry to learn more about your options.

## **Gift matching**

As a benefit to employees, former employees, and even employees' spouses, many companies match gifts to charitable organizations like WELS. This is particularly true when the gift is designated for a school. You can check to see if your employer sponsors some type of matching gift program online at [wels.net/give](http://wels.net/give). For more detailed information, contact your employer.

## **“Bunching” charitable gifts**

The timing of some income tax deductions (e.g., charitable gifts) is within your control. If you do not have enough deductible expenses to exceed the standard deduction, you can concentrate, or “bunch,” your deductible offerings for multiple years. That way, you may be able to itemize in some years (one way to accomplish this is through a donor advised fund—see page 17). If you do itemize, you may deduct gifts of cash up to 60 percent of your adjusted gross income. Any excess may be used as a deduction over the next five tax years.

# Appreciated Assets

## Some people can give more for less by making a gift of appreciated assets. How?

It may be tax-wise to give appreciated securities (stocks, bonds, mutual funds) and/or real estate. If you sell the assets yourself, you often have the burden of paying the capital gains tax. This tax is avoided by donating the assets to charity, which means the charity receives the full value of the gift. A secondary benefit is, if you itemize, this gift will increase your charitable deduction. (Visit with your tax advisor to see if giving appreciated assets can benefit you.)

### Example:

Mr. Green holds shares of stock currently valued at \$10,000, which he purchased ten years ago for \$2,000. As you can see from the chart below, it may be most effective for Mr. Green to donate the securities outright.

Gift type	Cash donation	Sell securities and donate cash	Donate securities
Gift value	\$10,000	\$10,000	\$10,000
Tax savings on gift (22% of \$10,000) <sup>1</sup>	\$2,200	\$2,200	\$2,200
Impact of long-term capital gains assuming a 15% tax rate <sup>1 &amp; 2</sup>	N/A	\$1,200 paid	\$1,200 saved
Net tax benefit	\$2,200	\$1,000	\$3,400
After-tax cost of gift	\$7,800	\$9,000	\$6,600

1 Rate is dependent on the amount of your taxable income and your ability to itemize deductions.

2 Based on a capital gain of \$8,000.

*To give appreciated assets through WELS Foundation, see [wels.net/helpful-giving-tools](http://wels.net/helpful-giving-tools).*

# IRA Charitable Distributions

Typically IRA distributions are taxable, but, as of 2016, Congress made permanent the opportunity known as the IRA qualified charitable distribution where direct transfers from an IRA to charity are free from federal and potentially state income tax for anyone 70.5 or older. If you do not need the required minimum distributions that you receive from your IRA, consider directing those to a WELS ministry to save on taxes, then use the cash you would have given to charity for other needs.

Under the new law you and your spouse, assuming he or she is 70.5 years or older and has an IRA, may each make direct transfers of up to \$100,000 per year to charity. Rather than being treated as taxable income, direct transfers to charity are wholly excluded for federal income tax purposes. Consult your tax or financial advisor to determine the most appropriate gift assets for your situation.

*To make a qualified charitable distribution through WELS Foundation, see [wels.net/helpful-giving-tools](http://wels.net/helpful-giving-tools).*

# Wills and Trusts

## **Will**

A will provides a way to efficiently transfer the Lord's blessings that you have accumulated during your lifetime. There are several ways to do this:

### *Percentage*

You can designate a percentage of the assets that the will controls.

### *Specific*

Designate a specific amount or item(s).

### *Residual*

After provisions have been made for loved ones, a WELS ministry can receive all or a portion of the estate.

### *Contingent*

A WELS ministry receives all or a designated portion of the assets controlled by the will if another beneficiary has already passed away.

### *Trust*

A trust can be created by a will that provides payments to a loved one for a specified period. A WELS ministry receives the remaining amount after the payments have ended.

## **Living trust**

Under certain circumstances your attorney may recommend using a revocable living trust. Property that you place into the trust will pass directly to others, including charities, according to your specifications. This may occur during your lifetime and/or after you go to heaven.

## **Letter of instruction to benefit ministries**

Donors can give to a variety of WELS ministries by listing "WELS Foundation" as the charitable beneficiary. It is important to identify any charitable beneficiary by their legal name, address, and tax identification number (find WELS Foundation's information on the back of this booklet). WELS Foundation provides a letter of instruction to allocate a percentage of the gift to each of several recipient WELS organizations or areas of ministry. If you ever wish to change your letter of instruction, you can do so at no cost, and your WELS Christian giving counselor is available to assist you.

*Access the letter of instruction form at [wels.net/helpful-giving-tools](http://wels.net/helpful-giving-tools). For a detailed guide to Christian estate planning, see [wels.net/estate-planning](http://wels.net/estate-planning).*

# Retirement Plans

Most people have had the opportunity to establish retirement plans to provide an income for themselves and a surviving loved one during retirement years.

There are many different types of retirement plans including the:

- IRA,
- 401(k),
- 403(b),
- 457(b),
- Keogh plan,
- profit sharing plan, and
- Simplified Employee Pension (SEP) plan.

## **A beneficiary designation change to benefit the Lord's work**

Retirement instruments are poorly designed for efficient transfer after you go to heaven. Federal and state income taxes greatly reduce the dollars inherited by your family. With a simple beneficiary designation change to make WELS Foundation the recipient on your IRA, 401(k), or other qualified retirement plan (see "Letter of instruction to benefit ministries" on the previous page), these taxes are eliminated. Contact your retirement plan administrator to complete a change of beneficiary form online or through your advisor.

## **Retirement assets into another gift instrument**

According to the Secure Act, most non-spousal heirs are required to liquidate inherited qualified retirement accounts within ten years. Consider having the retirement assets transfer directly into a testamentary charitable gift annuity (see pp.11-12) or legacy charitable remainder trust (see pp.15-16) to provide payments to heirs over a longer period.



# Payable on Death/Transfer on Death Designations

Another way to remember the work of the Lord is by naming WELS, your local congregation, or a WELS-affiliated ministry as beneficiary of a payable on death designation (also called “transfer on death” when dealing with investments). Every bank or investment company should have a form for you to complete. Your gift goes to charity only after you go to heaven and only if the account has not been closed.

## **WELS Church Extension Fund investments**

WELS Church Extension Fund notes and certificates can also be designated payable on death as gifts to WELS and other beneficiaries.

# Other Gift Options

## **Life insurance products**

- Give an existing policy that you no longer need.
- Designate a WELS ministry as the beneficiary on your policy.
- By naming a charity as owner and beneficiary, you can receive an income tax deduction of the approximate cash value and any future premiums.

## **Commercial annuity**

When the owner of a commercial annuity goes to heaven, the beneficiary is responsible for paying taxes on the deferred earnings. Listing a charity like “WELS” as the beneficiary removes the tax burden.

## **WELS Christian giving counselors can help you gain tax advantages with the following gifts:**

- Antiques
- Collectibles (artwork, porcelain, sports cards, coins, stamps)
- Jewelry, mounted or loose gems
- Depreciated property (furnishings, tools, equipment, vehicles)
- Stock options
- Life estate (give your residence while continuing to live there)
- Government savings bonds (tax advantages when given through a will)
- Grain and livestock
- Real estate

# Charitable Gift Annuity

A gift annuity is a contract between you and WELS Foundation in which you make a gift of cash or securities (stocks, bonds, mutual funds) in exchange for fixed quarterly annuity payments for life. After the passing of the annuitant(s), the remainder of the gift will be used by your congregation, school, area Lutheran high school, synod, or WELS-affiliated ministry.

## What are the features?

- *Flexible.* You can begin annuity payments right away or sometime in the future when you will need additional income. The minimum gift size is \$10,000; there is no maximum limit. You can fund a gift annuity for yourself, a loved one, or a friend.
- *Secure.* Your annuity payments are backed by the assets of WELS Foundation.
- *Permanent.* Your annuity payment is a fixed amount, dependable, and unchangeable.
- *Minimum ages.* Immediate payment annuities are available to WELS members 60 and older; deferred payment annuities are available to members 45 and older.
- *Irrevocable.* Once established, a gift annuity cannot be changed or canceled. You may, however, choose to end the annuity payments to you and allow the remaining amount to be paid directly to your chosen ministries.

## What are the benefits?

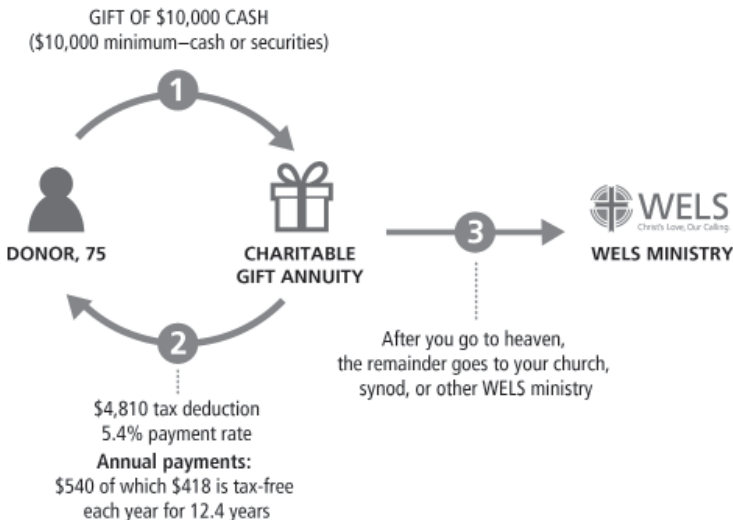
- *Joy.* Arrange to benefit the area of the Lord's work that is closest to your heart.
- *Fixed payments for life.* Your gift comes with the assurance of steady, lifelong payments.
- *Tax savings.* You receive an immediate income tax charitable deduction and, in most instances, a portion of your gift annuity payment will be a tax-free return of the original principal. There are additional benefits when transferring appreciated assets for a gift annuity.
- *Lasting impact.* After the passing of the annuitant(s), the balance will be used to continue the Lord's work in your congregation, synod, or other WELS ministries.

## What are some examples of how a charitable gift annuity works?

1. *Immediate payment:* Ann, 75, gives \$10,000 for a charitable gift annuity. She will receive 5.4 percent or \$540 per year for the rest of her life. She will also receive a federal (and possibly a state) income tax charitable deduction of approximately \$4,810 in the year of the gift, and will pay income tax on only a portion of the \$540 received each year (see the illustration below).
2. *Deferred payment:* John is 60 years old and would like to make a significant gift, but is concerned about his retirement years. He decides to give a \$25,000 gift for a deferred payment gift annuity with payments to start at age 72. At the time of his gift, John will receive a federal (and possibly a state) income tax charitable deduction of approximately \$12,244. At age 72, his annual payments of \$1,675 will begin and continue for the rest of his life. A portion of the annuity payments will be a tax-free return of original principal.

(Note: Two-life charitable gift annuities are also available. Payments continue for the lifetimes of both annuitants.)

### Single-life annuity illustration



Learn more: Scan this QR code to watch a video, or visit [wels.net/foundation](http://wels.net/foundation).



# Charitable Remainder Trust

A charitable remainder trust can be a blessing to you and your spouse or other family members. It provides significant tax savings as well as income for you or your family members before finally transferring the property in the trust to your designated WELS ministries when the trust ends. This type of giving instrument is especially helpful for individuals who plan to retire and would like to sell land, stock, or even a business tax-free and receive a generous income.

A charitable remainder trust is created when you transfer cash, securities (stocks, bonds, mutual funds), or real estate to WELS Foundation, but keep a specified income interest—usually for life. When the trust ends per your designations, the property in the trust passes to your designated beneficiaries such as your church and/or synod.

## What are the features?

- *Gift size.* Minimum of \$200,000.
- *Irrevocable.* Once established, a charitable remainder trust cannot be revoked.
- *Payout rate* of five percent.

## What are the benefits?

- *Lasting impact.* You can create designations that provide for the special needs of your heirs (e.g., college funds). When the trust ends, the balance will be used to continue the Lord's work in your congregation or synod.
- *Tax savings.* You receive an immediate income tax charitable deduction for a portion of the gift amount. Capital gains tax on appreciation is deferred at the time of transfer, leaving the entire value of your assets to generate future income.
- *Payments.* You, or those you designate, receive trust payments. These can be a fixed or variable amount.
- *Increased cash flow.* By funding your trust with low-paying assets, you might even increase your cash flow by making a gift.
- *Peace of mind.* Management of assets by WELS Investment Funds frees you from investment anxiety.
- *Flexibility.* You can choose several income beneficiaries and the length of the trust term.

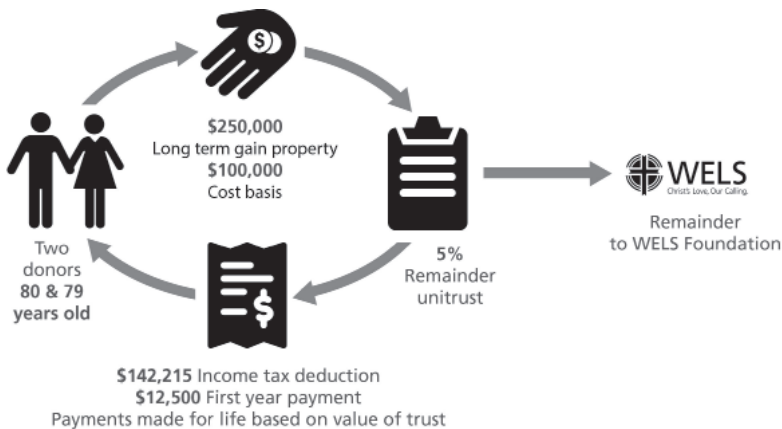
## What are some examples of how the charitable remainder trust works?

1. Phyllis set up a charitable remainder trust with WELS Foundation using appreciated property that she had been thinking about selling. This saved her about \$35,000 in capital gains. While alive, Phyllis received quarterly income payments. Once she went to heaven, her four children received the quarterly income payments for the remaining seven years of the trust. After that, the remainder was gifted to Phyllis' home church and Martin Luther College.
2. Robert and Beverly transferred their stocks and bonds to a charitable remainder trust after they decided they no longer wanted to actively oversee their holdings. They have since received a quarterly check from WELS Foundation along with a charitable tax deduction for a portion of their gift. They named their congregation and WELS World Missions as the beneficiaries of their trust.
3. Jerry and Lynn are no strangers to ministry. With three sons serving as pastors, they know how important it is to have God's people support gospel ministry. When looking to sell their family business, they wanted income to support them in retirement and they wanted to support the Lord's work. The charitable remainder trust they set up through WELS Foundation helped them meet both of these goals. The income from the trust allowed Jerry and Lynn to retire and provide for something they are very passionate about: WELS mission work, particularly in Mahahual, Mexico.

To see their full story, scan this QR code. Learn more at [wels.net/foundation](http://wels.net/foundation).



## Charitable remainder trust illustration



# Legacy Charitable Remainder (“Give It Twice”) Trust

A legacy charitable remainder or “give it twice” trust is funded after both parents (or a single parent) go to be with the Lord. In addition to any immediate gifts to children or other heirs, a portion of the estate is placed into a trust that pays 5 percent each year to children for a term of up to 20 years (5 percent times 20 years equals 100 percent). When the trust ends, a similar amount as what was paid to heirs passes to designated charitable beneficiaries, such as your church and/or synod (assuming favorable market returns). Thus you may truly be able to “give it twice”!

## What are the features?

- *Gift size.* Minimum of \$200,000 of cash, securities (stocks, bonds, mutual funds), or retirement accounts.
- *Irrevocable* upon the death of the parents.
- *Payout rate* of five percent for up to 20 years.

## What are the benefits?

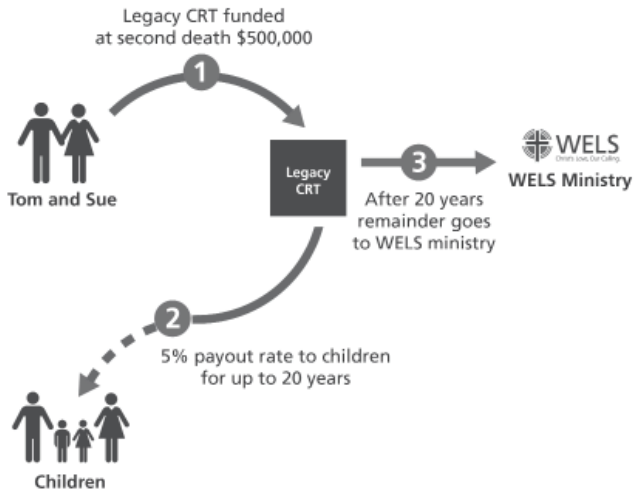
- *Tax savings.* Funding the trust from tax-deferred retirement accounts may provide federal income tax savings.
- *Payments.* Your children or other heirs receive trust payments spread out over the term of the trust. The payments will be taxed when received.
- *Flexibility.* You can choose who receives the income from the trust and the length of the trust term.

## What are some examples of how the legacy charitable remainder (“give it twice”) trust works?

1. Gloria used the funds accumulated in a tax-deferred retirement account to create a legacy charitable remainder trust. After she goes to heaven, the trust will create an income stream for her nieces and nephews for up to 20 years and then the remainder will go to various WELS ministries to help continue the Lord’s work.
2. With their estate plan, Tom and Sue would like to treat each of their four children equally as well as provide a benefit to WELS. They have an estate of \$600,000. The legacy charitable remainder trust is helpful for their situation. The children will be given an initial amount—for example, \$25,000—when both parents have gone to heaven. The other

\$500,000 would go into the trust and each child would receive one-fourth of the income over 20 years. When the term of the trust ends, a large gift will still be made to WELS.

### Illustration of the legacy charitable remainder trust





# Donor Advised Fund

A donor advised fund is a charitable giving vehicle where an individual, family, or corporation makes an irrevocable, tax-deductible contribution of cash, securities, or other property to WELS Foundation and at any time thereafter can recommend grant distributions to WELS ministries.

The donor advised fund has been popular in recent years with the higher threshold for itemizing on taxes. People set up a donor advised fund to bunch gifts and itemize deductions in a particular year (see page 4).

The WELS donor advised fund program provides an alternative to the private family foundation. You can accomplish many of the same goals but with far less administrative work and expense.

## What are the features?

- *Gift size.* The minimum initial gift is \$10,000.
- *Individual.* You may name your donor advised fund. You, or the persons you designate, may recommend distributions to organizations listed in the WELS Yearbook from your fund—anonously if you so choose.
- *Distribution recommendations.* The minimum amount that may be recommended is \$250. It is encouraged that each fund distributes at least five percent of its asset value annually.
- *Lasting impact.* You may designate others to continue recommending distributions after your lifetime (usually for a period of 20 years) to support your home congregation or other favorite WELS ministries.

## What are the benefits?

- *Joy.* Arrange to benefit the areas of the Lord's work that are closest to your heart, including WELS congregations, mission work, schools, and other ministries.
- *Tax savings.* You receive an income tax charitable deduction in the year of your gift to your donor advised fund. As with all gifts of long-term appreciated securities, none of the appreciation is subject to capital gains tax.
- *Recommend gifts when ready.* Contribute to your donor advised fund this year and decide later which WELS ministries you want to support.
- *Encourage family stewardship.* Help your children and other loved ones experience the joy of giving by involving them in the decision-making process for the grant recommendations.



Learn more: Scan this QR code to watch a video, or visit [wels.net/foundation](http://wels.net/foundation).

# Endowments

An endowment fund is designed to make steady annual distributions that increase as the fund grows. A gift to an endowment is not spent immediately but invested in a diversified investment portfolio. Annual distributions provide ongoing financial support for WELS ministries.

## Options

- *WELS endowments*: The established WELS endowments provide regular support and stability for ministerial education, missions, and operating.
- *Donor designated endowment*: An individual or family can start an endowment through WELS Foundation to provide ongoing, dependable support for the benefit of ministries that touch their hearts.
- *Congregation/organization endowment*: A church or WELS organization can establish an endowment through WELS Foundation to benefit local and external ministry efforts. A Christian giving counselor can assist with setup and help churches with promoting gifts to the fund.

## What are the features?

- *Gift size*. Minimum of \$25,000 to establish an endowment. Once established, additional gifts may be added.
- *Personalized*. Give to or establish an endowment fund to benefit the ministry you want to support.
- *Invested with WELS Investment Funds*. WELS Investment Funds provides cost-effective, professionally managed investment portfolios for WELS, WELS subsidiaries, congregations, and WELS-affiliated ministries.
- *Distributions* will be made annually to the WELS ministry you determine for your endowment.
- *Lasting impact*. Endowments provide support for years to come.

## What are the benefits?

- *Joy*. Arrange to benefit the area of the Lord's work that is closest to your heart.
- *Flexibility*. Give cash, appreciated assets, or a planned gift, such as through a will, trust, beneficiary designation on a retirement account, or insurance proceeds.
- *Encouragement to others*. Additional gifts may be added to an endowment by family or congregational members.
- *Predictable support*. The WELS ministry you designate in your endowment can plan to receive annual distributions.
- *Easy*. WELS Foundation provides the necessary administration.

Learn more: Scan this QR code to watch a video, or visit [wels.net/foundation](http://wels.net/foundation).



# Next Steps

God has given us everything, especially his Son, Jesus. We gratefully respond to his grace with gifts to our family, friends, church, and other ministries.

It is important to plan carefully. It is also beneficial to work with trusted professionals. Contact your local WELS Christian giving counselor for free assistance with any of the giving options listed in this booklet.

All financial planning assistance will be done in cooperation with your local attorney and financial, legal, and tax advisors. If you do not have your own attorney, your Christian giving counselor may be able to provide you with one or more names.

WELS Foundation partners with WELS Ministry of Christian Giving and WELS Investment Funds to provide gift planning options and free assistance to WELS members.

**WELS Ministry of Christian Giving** encourages members to excel in the grace of giving (2 Corinthians 8:7) and assists them in making planned gifts to support the gospel ministries of their congregations, synod, and WELS agencies.

E-mail: [mcg@wels.net](mailto:mcg@wels.net)

Phone: 414-256-3209 (toll-free: 800-827-5482)

Web: [wels.net/givingcounselors](http://wels.net/givingcounselors)

**WELS Investment Funds** is a self-supporting subsidiary of WELS that provides cost-effective investment portfolios for WELS, WELS congregations, and other WELS-affiliated ministries.

E-mail: [welsfunds@wels.net](mailto:welsfunds@wels.net)

Phone: 414-256-3206 (toll-free: 877-888-8953)

Web: [wels.net/welsfunds](http://wels.net/welsfunds)

WELS Foundation exists to help God's people support gospel ministry through the Wisconsin Evangelical Lutheran Synod.

It is the foundation of choice for members, entities, and affiliates of WELS.



**WELS Foundation**

Wisconsin Evangelical Lutheran Synod

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