

Legacy

“Listen to counsel...
that you may manage
your life wisely.”
Proverbs 19:20

Charitable Estate Planning
Ideas and Stories of our
American Baptist Family
Autumn 2008

Volume 24, No. 2

IN THESE UNCERTAIN TIMES

Compared to the first nine months of 2007, the events of January through September of 2008 were filled with financial uncertainty:

- The stock market was careening downwardly.
- Home values were dramatically decreasing.
- Troubles faced by financial institutions were repeatedly in the news.
- Interest rates on savings were not keeping up with inflation.

- Concern about the global economy was growing.
- Prices for commodities were rising.
- Food costs were steadily increasing.

In these uncertain times, everyone should have a financial plan that includes dependable sources of steady income. Many people turn to certificates of deposit (CDs) for that purpose. But a charitable gift annuity (CGA) also provides stability. In addition, a CGA will eventually give support toward the growth of God's Kingdom.

Like a CD, a CGA provides a constant return on the amount you choose to use. (The minimum CGA amount is \$1,000 per individual or \$2,000 per couple.) There are many important differences between a CD and a CGA. See page 3 for what makes a CGA an attractive alternative to a CD. ■

*When the term “CD” is used, it could refer to a compact disc, the music medium that replaced record albums and cassette tapes. Or it might refer to the compact disc for computer storage; it replaced “a floppy.” But a CD can also denote a savings instrument, a certificate of deposit, which you might have. There is another financial instrument with which you might or might not be familiar—it is a CGA, a charitable gift annuity, which you might want to have. As you will see in this issue of **Legacy**, CGAs can be a valuable and versatile part of your estate plan with financial benefits for you and for the cause of Christ!*

CGA—It Fits Like a Mitten

No doubt, you have heard the saying, “It fits like a glove.” That reference to something being a perfect match could well describe what numerous American Baptists feel about their experiences with charitable gift annuities (CGAs). Many stories from across the nation could be told about the “perfect fit” of a CGA, but two of those stories happen to come from the Lower Peninsula of Michigan—that part that is in the shape of a mitten.

A Pattern for Living

The beliefs of a person naturally create a

pattern for living that leads to certain decisions and actions. That clearly is the case for H. Bruce and Carol Carr who live in the suburbs of Detroit. Both are retired from public school careers, are active in their church, and believe strongly in education. They heard about CGAs from Foundation representatives whom they met at Green Lake conferences and regional events of the American Baptist Churches of Michigan (ABC-MI). The Carrs were attracted by the idea of funding a *Continued on page 2*

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Continued from page 1 CGA because, as Bruce explains, “It would help us do three things. First, we would be following the biblical mandate to be good stewards of what God has given us, as taught in Luke 16:1-13. Second, we could support a cause with which I’ve been involved for 25 years. And third, it would provide lifetime income for my wife and me as well as help us take advantage of tax savings.”

These obvious benefits, which led the Carrs to fund a CGA, fit the pattern they have had in other areas of their lives as Christians. For instance, Bruce once served on the region board for ABC-MI and learned of the Michigan Baptist Scholarship Society (MBSS). He became the president of MBSS, whose goal has been to raise funds and award scholarships to ABC-MI church members, who show convincing evidence of God’s call into professional church leadership.

One of the goals of a CGA is to provide financial support eventually to a beneficiary. The Carrs have named MBSS as theirs because they believe in the need to develop new church leaders. Bruce states: “We can’t have a healthy church in the future without trained leaders. We who lead now must help prepare the next generation of church leaders as we’re reminded in a portion of Romans 10:14-15, ‘...how can they hear without someone preaching to them? And how can they preach unless they are sent?’”

The *pattern* of valuing education is actually a *passion* for Bruce as he cites how former recipients of MBSS grants are now leading churches in the United States and serving internationally as well. “In addition,” he says, “two of the largest hospitals in the Detroit area are presently being served by chaplains, who received MBSS grants when they were doing their studies.”

Bruce’s pattern for living that focuses on people’s needs has led him to give in other ways. Until his own medical situation forced him to stop, he was a regular blood donor. He earned a 20-gallon award and was the coordinator for blood drives at the inner city high school where he taught.



H. Bruce and Carol Carr

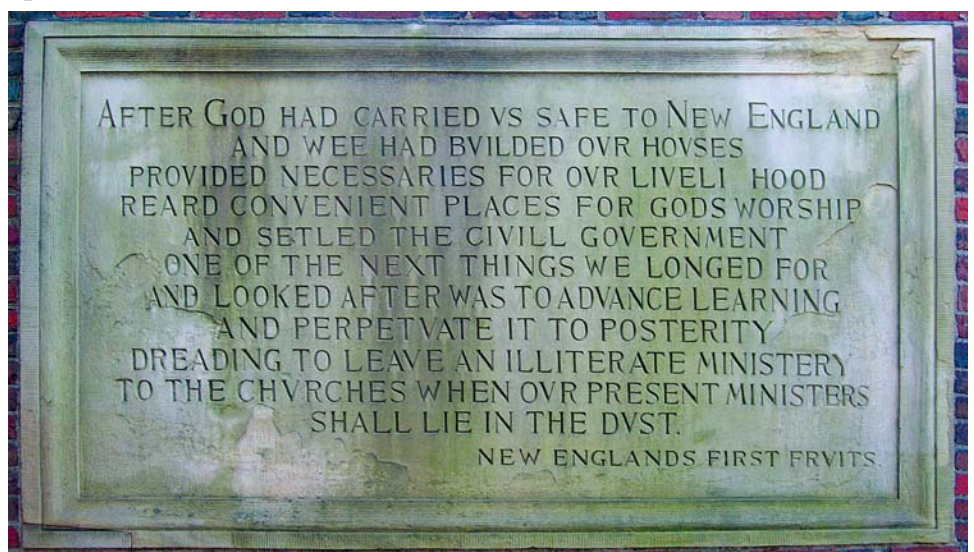
After retiring, he expanded his interests by going on ten short-term overseas mission trips and taking 75 people with him. Health and education needs have also caused Bruce to encourage others to leave their bodies for medical research. “By doing so,” he observes, “medical students can advance in their understanding of the human body, and the \$10,000 typically spent on a funeral can go to one’s family or can be used to fund a CGA, which will someday go to support ministry.”

Carol spends much of her time helping in Christian education programs and White Cross activities. She leads women at their congregation in making items that have been requested for the Democratic Republic of the Congo and elsewhere. She and Bruce also shared their home with a houseguest from Haiti for a year while that student was in seminary.

When you consider your own estate plans and ponder the benefits of a CGA, you are given an opportunity, like the Carrs, to review the pattern for living that you have followed. As you look at that pattern, what American Baptist ministry might you name for your charitable gift annuity? As you answer that question, contact us to request further CGA information, provided at no cost or obligation.

A Mitten When You Need It

During autumn in Michigan, you start looking for mittens—you will need them in the near future! There is a type of CGA like that. It is called a Deferred Charitable



These 17th century words at a Harvard University entrance (seen by Bruce when he was young) epitomize the reason the Carrs chose that their CGA will one day help theological students.

Gift Annuity. The story of Carole Flaton, who like the Carrs is a resident of suburban Detroit, illustrates the future value of this CGA.

Carole learned of CGAs at a retreat conducted by American Baptist Women's (ABW) Ministries in Michigan. There she met her region's Foundation representative, who later spoke at Carole's church. In 2002, Carole chose to fund a Deferred CGA since, being fully employed, she would not need the income until her retirement. Those funds came from her grade school music teacher, Eva Shewfelt.

Carole describes her relationship to Eva by saying, "When I was growing up, I visited her at her home. We'd have lunch and work on crafts. Over the years she became like a second mother to me. She and her husband never had children, so they kind of adopted me."



Eva Shewfelt and Carole Flaton

This former teacher was part of Carole's life for more than 50 years; their personal relationship also had a spiritual dimension. Carole explains, "When I was 21, I

proudly went to Eva and her husband in my new dental assistant uniform. That day Mr. Shewfelt invited me to go to church with them. My family had no church contact, so I learned of Christ through the Shewfelts."

In 1987, Eva visited Carole, who was considering the purchase of a condominium. Eva offered to add some money to Carole's down payment, and Carole told her that she wanted to pay it back someday. Eva responded, "You don't need to. Just make sure when something happens to you, that it goes to the church."

Carole used that same amount to fund her Deferred Charitable Gift Annuity. The annuity will eventually go to International Ministries and ABW Ministries, endeavors that Carole knows well since she is the mission and service coordinator for ABW at three levels—her local church, the metropolitan Detroit area, and the American Baptist Churches of Michigan.

Perhaps you, like Carole, are not in need of CGA income yet. But if you fund a Deferred CGA now, it will grow and produce a steady return when you *do* need it. Later, it will support the American Baptist mission efforts you name. You can learn more about this by returning the enclosed response card. ■

Comparing a CD to a CGA

Do you want to receive income now from your savings, but you also would like to support American Baptist mission in the future with some of that same money? There is an easy way to fulfill both goals! To illustrate, suppose you want to find a safe place to put \$50,000 so that it will yield guaranteed income. A certificate of deposit (CD) might be a consideration for you. But there is another possibility; it is called a charitable gift annuity (CGA).

The rate of return on a CGA is above the interest rate on a CD as shown below. A CGA has a second advantage as designated by the "G" in CGA. Because a portion of your \$50,000 will someday go as a gift to American Baptist endeavors of your choice, part of the \$50,000 will be seen by the IRS as a charitable gift in the present. Therefore, you will receive a charitable deduction in the year you fund the CGA. Additionally, for the period of your life expectancy, a portion of each check is also tax deductible. Naturally, because the IRS allows a partial charitable deduction, the gift of \$50,000 is irrevocable. You have permanently exchanged those funds for stable annuity income.

The return rate on a CGA depends on the age of the person receiving the checks; this person is called "the annuitant." To illustrate, the following compares a \$50,000 CD and a \$50,000 CGA for an annuitant who is 75 years old:

	CD	CGA
Rate of Return	4.68%*	6.70%
Annual Income	\$2,340	\$3,350
5-Year Income	\$11,700	\$16,750 (\$5,050 more than a CD)
Tax Advantage	None	A portion of the income is not taxable for many years** and a tax deduction for part of the \$50,000 is applied in the year the CGA is created
After 5 Years	\$50,000 returned	\$50,000 is still providing a 6.7% return

* Average national rate in early October

** Of the \$3,350 received during the first year, \$2,224.40 would be tax-free income.

If you are interested in discussing the advantages of a CGA, please contact us by using the enclosed response card or phone 800-222-3872, ext. 2035. ■



At Dr. Jacobs' retirement dinner Judith K. Fackenthal presented a plaque commemorating his valuable ministry.

Founding President Retires

In 1985 the boards of Educational Ministries and National Ministries established the American Baptist Foundation for Ministry in the USA.

Its purpose was to promote planned giving—encouraging the establishment of wills and other charitable estate plans—among American Baptists. In September of that year, Dr. John B. Jacobs was hired as the first Foundation president.

Under Dr. Jacobs' leadership, the Foundation was transformed from a simple concept to an estate planning institution that generated more than \$250 million in planned gifts over more than twenty-two years. On September 29, friends, including former and present board and staff members, gathered to celebrate Dr. Jacobs' retirement.

Speaking on behalf of the Foundation's Board of Directors, Chair Judith K. Fackenthal observed, "The Foundation and our denomination are forever grateful to John for his ministry of more than two decades. John not only has served as the first president of the Foundation but was the 'foundation' of the American Baptist Foundation.



Dr. Jacobs will continue with the Foundation as consultant to the incoming president, Lawrence Edw. Wilson, III (seen here at the 2007 American Baptist Biennial).

We celebrate the fact that we are now prepared to build on the base he established through new leadership that is exactly right for the next phase of our service." ■

ANSWERS TO SOME QUESTIONS

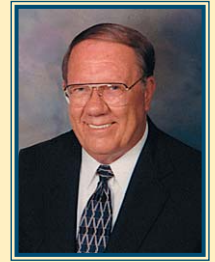
1. What happens to the CGA income for a surviving spouse when both are named annuitants? When either spouse dies, the full annuity is still paid to the survivor.

2. Is there a way I can ensure income for the lifetime of a loved one, even beyond my own lifetime? By funding a charitable gift annuity and naming that person as an annuitant, you can be sure of fulfilling any responsibility you feel toward a family member or friend for the full lifetime of that person.

3. What happens to the funds that remain after the lifetime(s) of the annuitant(s)? The portion of the annuity that remains after the lifetime(s) of the annuitant(s) will go to support the American Baptist ministry you have chosen. ■

RESULTS OF "The Right Decision"

As 2007 came to a close, the Foundation lost a friend and a co-worker, Bob Matherly. The Rev. Robert E. Matherly, who died on December 23, 2007, was the Foundation representative in West Virginia for more than a dozen years. He and his wife, Gaye, were featured in



Rev. Robert E. Matherly

the summer 2006 issue of *Legacy*. The article, which was titled "The Right Decision," focused on how Bob chose to commit his life to Christ, marry his wife, become a pastor, and make many other correct decisions, including helping to establish a West Virginia extension program for his alma mater, Palmer Theological Seminary.

John B. Jacobs, the Foundation President who also made "the right decision" by hiring Bob in 1994, says: "He was a man for all seasons and the senior statesman among the Foundation staff. His Christian commitment was unquestioned. Those who looked to him for estate planning ideas knew that he would direct them on a clear path to meet their objectives for themselves, their families, and the American Baptist family. Although he is greatly missed, we celebrate the time we had with him." ■



Much more can be said about CGAs than any one issue of *Legacy* can contain. Therefore, consider using the enclosed response card to order "Your Guide to Charitable Gift Annuities."

This booklet explains a CGA in more detail. It also:

- contains the present CGA return rates,
- addresses the important issues of estate and gift taxes, and
- illustrates some ways you can fund your own charitable gift annuity.

With no obligation *(check boxes):*

- I (we) have included my (our) church or other American Baptist ministry **in my (our) will.**
- I (we) would like a copy of **"Your Guide to Charitable Gift Annuities."**
- I am interested in discussing the advantages of an immediate or deferred **charitable gift annuity.**
- I have written a **personal question** on the back.



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